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JULY 4, 1983 THREE DOLLARS

Forbes

SPECIAL REPORT ON INTERNATIONAL BUSINESS

INDUSTRIAL LEADERSHIP

CAN EUROPE CLOSE THE GAP?

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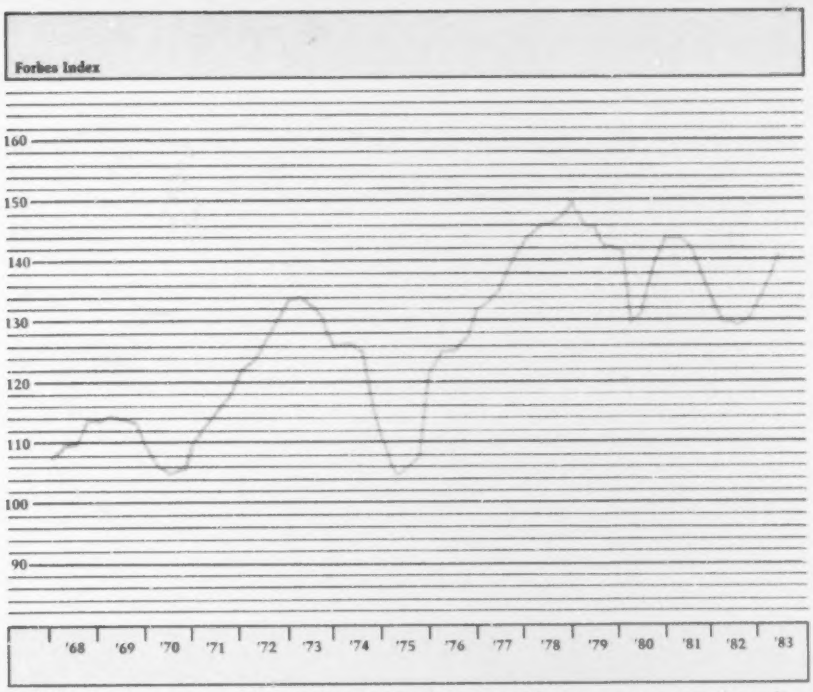
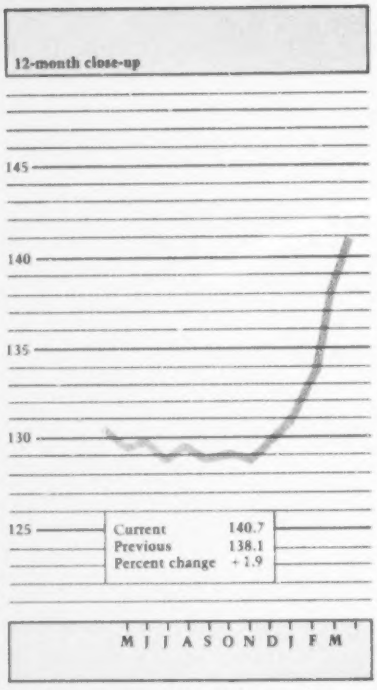
The Forbes Index





Gaining momentum. The Forbes Index has posted yet another increase. This time the Index rose 1.9%. That's slightly less than the 2.1% gain registered during the previous reporting period, but strong, nonetheless.

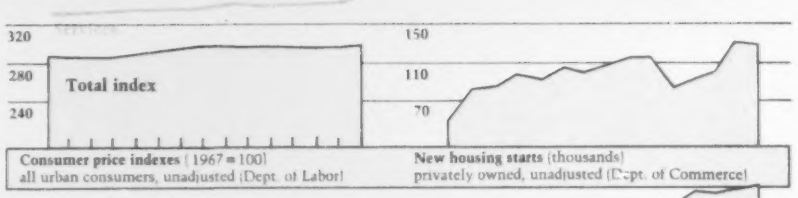
Manufacturers' new orders provided most of the good news. They jumped 3.8%, compared with a 2.4% rise in March. This is the highest level manufacturers' new orders have hit in almost two years. Manufacturers' inventories, on the other hand, were up 0.3%. This indicates that recent inventory liquidations are over.

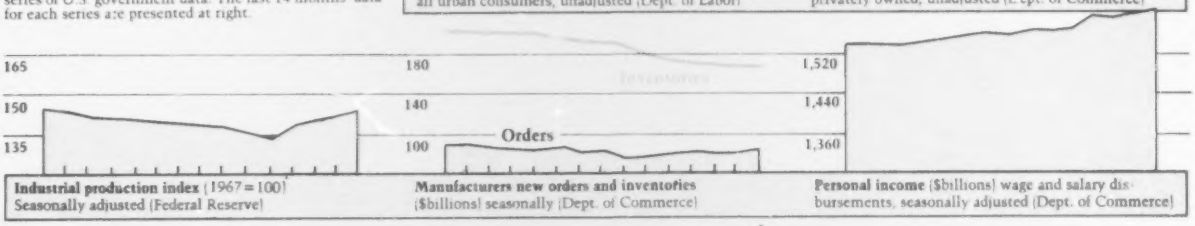
Now that consumers are starting to spend, manufacturers can be expected to increase new orders to meet growing demand. That, in turn, should help the recovery gain strength as the year wears on. Clues to the length and strength of the recovery will become visible over the next several weeks as key economic numbers are released.

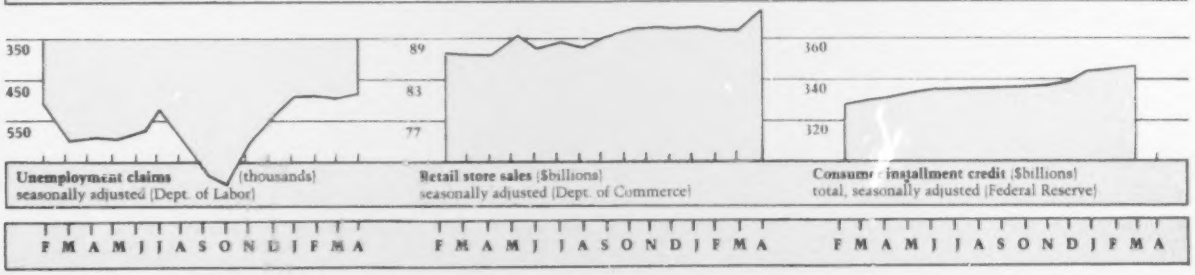
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.

To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series are presented at right.






350
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Unemployment claims (thousands)
seasonally adjusted (Dept. of Labor)
Retail store sales ($billions)
seasonally adjusted (Dept. of Commerce)
Consumer installment credit ($billions)
total, seasonally adjusted (Federal Reserve)
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Do gloomy times for Japan's innovative trading companies indicate a long-looked-for slowing of its commercial success? Don't be absurd.

Outward bound

By Kathleen K. Wiegner

JAPAN'S MULTITALENTED trading companies, leading edge of Japanese trade expansion since Commodore Perry sailed into Tokyo Bay in 1853, are encountering rough seas. Profits are way off for such familiar names as Mitsubishi Corp. and C. Itoh & Co. And venerable Mitsui & Co. last year reported its first loss in 35 years.

Cause of the trouble? Basically, the results of an unwelcoming world challenging further growth of Japan's exports. And it's more than a sudden squall. President Yohei Mimura of Mitsubishi—the largest of the nine major trading companies or *sogo shosha (see table)*—told the Foreign Correspondents Club in Tokyo last year that "changes in Japan, and in the world economy as a whole, have had a profound impact on the functions and operations of the integrated trading company, especially over the past several years."

These are important companies. Taken together, the nine traders' volume last year came to around $368 billion, some 30% of Japan's gross national product. Their troubles are a cause for concern in Tokyo. But lest Japan's trade competitors console themselves, as they so frequently do, with fuzzy notions that the island nation's economic prowess is peaking, they should remember that for every challenge there is a response. And the trading companies have lost none of the adaptability that has seen them through other crises over the past hundred years.

To be sure, the gloom of the moment is real. Takashi Sakai, Los Ange-

A $130 million power plant under construction in Queensland, Australia. The general contractor? The traders at C. Itoh.
When adversity comes, become a true multinational.

les-based senior vice president of C. Itoh & Co. (America), plucks a book from a stack of Japanese bestsellers on his desk: "This one is called *The Era of Winter*," he says, "and is about the trading companies. It is very pessimistic. No spring expected."

Recent shifts in Japan's business have all been adverse to the companies. Whereas years ago the traders were responsible for Japan's direct foreign investments—securing supplies for home industry through such large-scale developments as coal mines, pulp mills and petrochemical plants—recent foreign investment has been by Japanese manufacturers worried about protectionism. "If manufacturers make a direct investment, they won't need the trading companies," says Sakai.

The traders' old standbys—steel, aluminum and petrochemicals—are being phased out of Japan's export plans. And, increasingly, even those manufacturers who export are going directly to the market with their own sales organizations. Few exports of autos, television sets, stereos, watches or cameras are handled any longer by the trading companies. In the high-growth, high-technology industries, the general traders have been bypassed, as they often lacked the understanding required to sell and provide service for goods like computers or telecommunications equipment.

Meanwhile, the trading companies' expenses—as with all service companies their main asset is skilled manpower—continue to increase. It's the other side of lifetime employment—a blessing when a company can retain a man it takes ten years to train, but a source of hard-to-dismiss overhead when business volumes drop.

So how are the trading companies seeking to overcome adversity? They are becoming Japan's first true multinationals. In 1980 U.S.-based subsidiaries of the *sogo shosha* handled exports from the U.S. valued at over $22 billion, an estimated 10% of worldwide U.S. exports. Around 25% of those exports went to countries other than Japan. Mitsui, for example, exports U.S. grain to Europe. The U.S. subsidiary of Nissho Iwai arranges for the manufacture of Nike athletic shoes in Korea and Taiwan and also handles letters of credit and customs clearance for the Beaverton, Ore. manufacturer. C. Itoh is the general contractor for a $130 million power plant rising in Queensland, Australia. Itoh, too, with 24 subsidiaries and affiliates in the U.S., imports and distributes Mazda and Isuzu automobiles, exports Beechcraft airplanes and manufactures chain link fence in California and pipe in Michigan. In 1982 C. Itoh did $7.6 billion in the U.S. and contributed $701 million to the U.S. balance of payments.

The traders are stressing third-country deals that do not involve Japan—U.S. power plant equipment exported to the Philippines, for example, or Canadian pulp to Europe. The traders are also expanding their direct overseas investment, in part to assure more of these third-country deals: When a trader invests in a hydroelectric project in Indonesia, Pertamina, the government-owned oil company, looks favorably on that trader when he comes looking for oil. In addition, such direct investments may produce dividends if the venture is profitable, helping to offset break-even general trading activity.

The companies are also becoming more substantive, often majority equity partners in manufacturing, natural resource development and service projects abroad. Mitsubishi is a partner with Royal Dutch/Shell and the Brunei government in an LNG plant in Brunei. Mitsui owns 45% of Alumax. Joint ventures are also formed for specific products, as in the case of Mitsui and Allied Group, which have such a venture to sell electricity-conducting alloy in Asia.

But high technology is where future growth is, so the traders have been trying to change from being knowledgeable only about commodities to understanding computers as well. Nissho Iwai Corp. has a tie-up with the U.K.'s Monotech Laboratories to introduce the company's biotechnology research to Japanese concerns. Kanematsu-Gosho has taken a different tack. Last year it formed a joint venture with ComputerLand to help the U.S.-based computer retailer set up stores in Japan. Kanematsu-Gosho puts up 50% of the financing and gets 50% of the profits. This year, with IBM Japan, it formed Nippon Office Systems, to handle office equipment, including the IBM personal computer. Kanematsu-Gosho has a 65% stake in this venture.

In the U.S., Sumitomo Corp. and C. Itoh have set up subsidiaries to market and sell computers and computer-related gear under their own company names. Sumicom, based in Tustin, Calif., recently introduced a 16-bit personal computer built for the company by Matsushita in Japan. "Our value added," says Walter Schramm, general manager of Sumicom, "is to add the applications software and provide sales, service and marketing." Schramm says he will be looking at more products to add to the Sumicom line—and not only Japanese products.

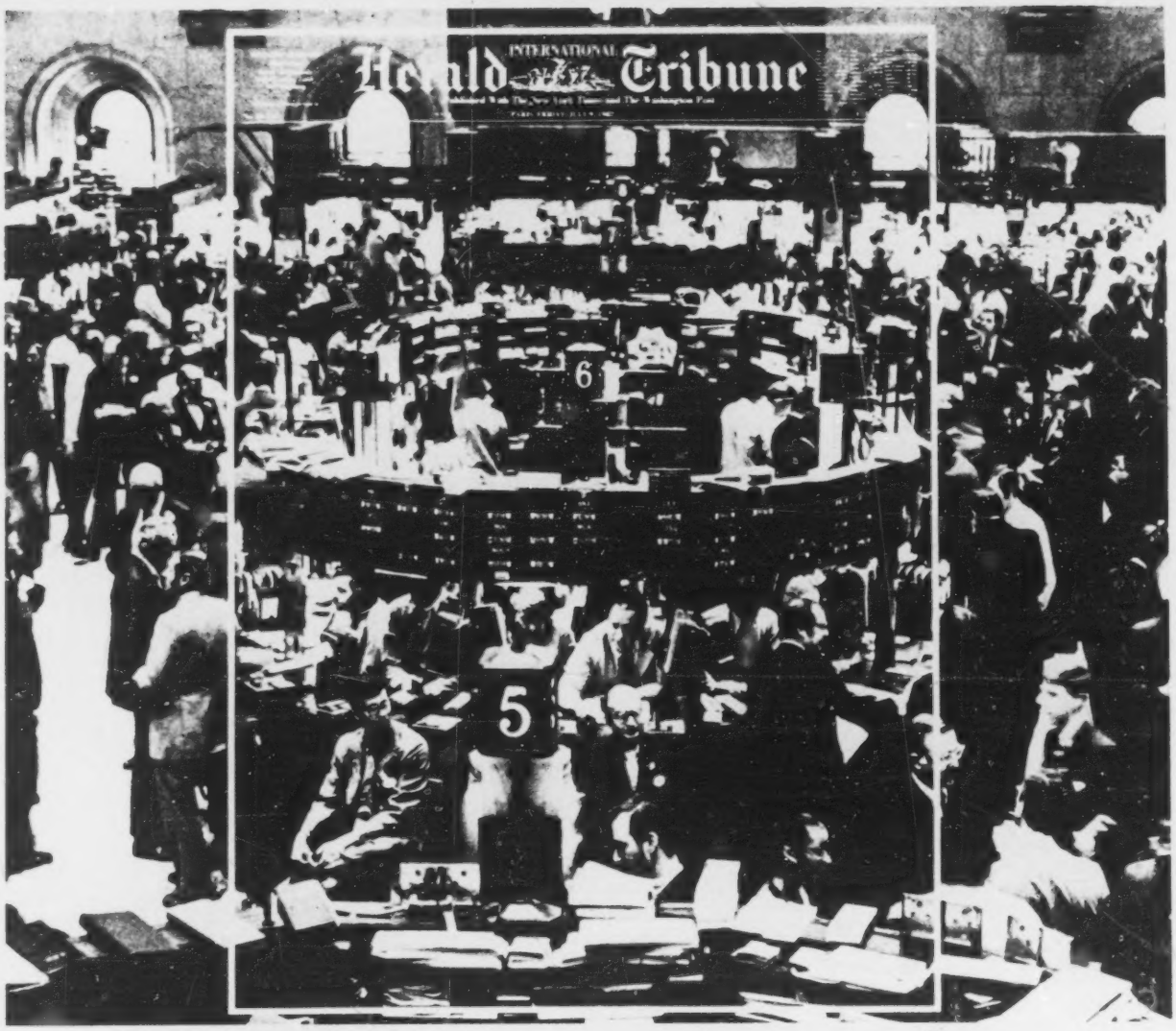
C. Itoh Electronics, based in Los Angeles, began by handling small printers, disk drives, computer monitors and keyboards. Apple, for example, used a C. Itoh printer when it showed its new Lisa computer last winter. "The goal was to do things differently than the typical *sogo shosha*," says Vice President Robert Cowan. "So we launched an effort to develop our own products to match the requirements of this market." C. Itoh's printers may be made in Japan, but everything else is done here in the U.S. "We aim to be a manufacturing and marketing company," says C. Itoh (America) President Shigeru Goto, "but without manufacturing facilities. Originally, we concentrated on marketing the good products of other manufacturers. Now why not use their manufacturing facilities for products we design?"

Japan's big nine

For the general traders, whose money is made moving huge volumes with razor-thin margins, lack of growth can be painful in the extreme. Profitability can vary widely because thin margins, coupled with high fixed costs (85% to 90% of annual expenses), make them extremely vulnerable to even slight declines in volume or any miscalculation on expensive large-scale projects.

Company	Sales (as of March 1982)	Profits
Mitsubishi Corp	$67 billion	$96 million
Mitsui & Co Ltd	60 billion	69 million (loss)
C Itoh & Co Ltd	56 billion	23 million
Marubeni Corp	52 billion	24 million
Sumitomo Corp	50 billion	71 million
Nissho Iwai Co Ltd	34 billion	26 million
Toyo Menka Kaisha Ltd	17 billion	8 million
Kanematsu-Gosho Ltd	15 billion	527,000
Nichimen Co Ltd	13 billion	7 million

Conversion: 220 yen to the dollar. *Source: Japan Company Handbook 1983*



Investors rely on it.

When continental Europe's leading institutional investors purchasing U.S. shares were asked about reading preferences, their number one choice was the International Herald Tribune.

Eighty-five percent of these investors reported that they read the Trib. In Switzerland, the hub of international finance, 91% of the respondents were readers of the IHT.

The world's only global newspaper, the International Herald Tribune reaches more than a third of a million readers each day in 164 countries. Not all of them are institutional investment professionals. But most of them are involved with financial decision-making on an international level — for themselves, and for the firms and organizations whose fortunes they guide.

Consider these just-released facts about IHT readers:

- 65% are in management positions
- 48% are at senior management level
- 23% are CEO's, Owners or Proprietors
- 75% own shares, Eurobonds or other bonds
- 64% are involved in corporate purchasing decisions
- 81% have one or more university degrees.

No wonder that 28 out Europe's top 30 banks advertised in the International Herald Tribune last year. Or that close to 600 financial advertisers regularly place messages on the Trib's well-read pages.

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The year the tide went out

Last year wasn't a good one for foreign investment. For the first time in the post-World War II period, the flow of direct investments overseas from the U.S. declined—falling by $3 billion to around $225 billion. The rush of foreigners to invest here slowed, too. That figure, which swelled by 30% in 1981, was up a modest 11% in 1982, to $100 billion.

These numbers, which come from the Department of Commerce, aren't perfect, because of the vagaries of intercompany accounting procedures. But they do reflect the impact of the recession and turmoil in the oil market on worldwide capital flows. In 1981, for example, oil fueled much of the growth in foreign investments in the U.S. One deal alone—the Kuwaiti purchase of Santa Fe International—pumped in $2.5 billion.

Last year, however, there were three important changes. Most significant, perhaps, was the strong dollar, which tended to make foreign purchases more expensive. In addition, falling oil prices dried up acquisition interest by foreign petroleum companies. Finally, the sorry state of the economy reduced a potent source of capital investment for foreign corporations—reinvested earnings of their U.S. affiliates. From a high of $6.2 billion in 1980, this figure shriveled to near zero in 1982.

The foreign operations of U.S. multinationals were squeezed, too. Reinvested earnings peaked at $19 billion in 1979, but last year the figure was less than one-third that amount. Add a continuing spate of divestitures and 1982 was less than a banner year for foreign investment by U.S. firms, even though a strong dollar made purchases relatively cheaper than in the recent past.

Is this a harbinger of things to come? "Instead of a lot of new U.S. companies surging overseas like you saw in the late 1960s and early 1970s, most everybody is over there," says economist David Belli of the Department of Commerce's Bureau of Economic Analysis. "You won't see tremendous growth from now on out."

On the other hand, the political environment is encouraging foreigners to invest in the U.S.—but not for the reasons you might think.

Many outsiders worry about the growth of protectionism and want to beat out any looming entry restrictions. "It's a similar situation to 15 or 20 years ago when U.S. companies established facilities within the Common Market in order to get inside the external tariffs," explains John Hein, an economist at the Conference Board. Also, of course, foreign corporations like the Reagan Administration's pro-business attitude, a marked contrast to that of some European governments.

The continued strength of the U.S. dollar, however, poses problems for all calculations about future capital flows. On a trade-weighted average, the dollar appreciated a remarkable 10.2% last year against the currencies of 15 of the nation's major trading partners. Now, even though many currency traders feel a decline is imminent, they don't expect that alone to trigger major growth in foreign investment. "It will help after the dollar has fallen but not while it is moving down, because people do not like to commit their resources to a declining currency," says Peter Andreae, a director of Kleinwort Benson Investments, Ltd. in London.

In Andreae's opinion, there will be a "gradual decline in the relative attractiveness of the U.S. as a field for investment" over the next six to nine months. A drop in the dollar could set this off, but it's the political situation that worries him: "The view from London is strong disappointment that U.S. deficits have not been tackled."

Many foreigners see this in sharp contrast to the approach of the conservative leadership in West Germany and the landslide-reelected Margaret Thatcher. Both Britain's Tories and W. Germany's Christian Democrats make no bones about cutting deficits. "In the next two or three years there will be a divergence between conservative countries like the U.K., Germany and Japan, with good prospects of beating inflation, and the U.S., which is not conservative in its financing," Andreae concludes.

If that is true, don't be surprised to see solid inflows of capital into the U.S. this year and perhaps moderate outflows, as U.S. multinationals keep much of their own investment at home. Over the longer term, however, Britain may no longer be the "sick man" of Europe, and there's even the possibility that investors may soon look for opportunities along the Thames, in Duesseldorf, Tokyo, or even Singapore, just as they search the Sunbelt today.—**Jon Schriber**

Here come the Canadians

Last year revenues of the 100 largest foreign investments in the U.S. grew a scant 7%. But Seagram Co. Ltd. of Canada moved into first place over both Anglo American Corp. of South Africa and the Royal Dutch/Shell Group. Seagram's 21% stake in Du Pont put it on top, in part, because of Du Pont's Conoco acquisition.

At the bottom of the list, meanwhile, another Canadian firm, Steinberg Inc., squeaked into last place. It owns an American supermarket chain with $497 million in revenues. Steinberg replaces Germany's Hoesch A.G., which divested itself of Envirotech, the pollution controls company, and moved off our roster. Also dearly departed are such familiar names as Massey-Ferguson Ltd., which ranked 78th last year; Imetal, a French metals company that owns 66% of Copperweld; and Cominco Ltd., the Canadian mining firm. All fell victim to declining revenues.

Newcomers include the U.K.'s Pilkington Brothers, which ranks 47th by having grabbed a one-third interest in Libbey-Owens-Ford last year. "Winterthur" Swiss Insurance Co. also took over Republic Financial Services to become a runner-up.

There were other notable changes. Renault pulled up to the number 10 slot from 13 last year by capturing 20% of Mack Truck, a stake it now plans to increase to 45%. At the same time, Imperial Chemical Industries fell to 60 from 22 after selling its share of Fiber Industries to Celanese. Finally, Rhône-Poulenc drops to 116 from 35 after shedding Morton Thiokol.

What kinds of investments do foreigners like? Chemicals, energy and metals are well represented. As for the international flavor, the U.K. has the most companies, 33 with major investments, followed by Canada with 24. Kuwait even rates one full entry (Santa Fe International) and a piece of another (30% of Korf Industries). Not surprisingly, however, Canada has by far the largest investment position here. Its total revenues: $57 billion.

The 100 largest foreign investments in the U.S.

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
1 Seagram Co Ltd[1]	Canada	Joseph E Seagram & Sons	100%	spirits & wines	$ 1,564	$237.0	$ 4,482
		El du Pont de Nemours[1]	21	chemicals, energy	33,223	894.0	24,343
					34,787		
2 Anglo American Corp of So Africa Ltd[1]	South Africa						
Minerals & Resources[1]	Bermuda	Phibro-Salomon[1]	26	metal trading, brokerage	26,703	337.0	39,669
		Engelhard Corp[1]	27	metals	2,019	64.8	775
		Adobe Oil & Gas[1,2]	28	energy	203	24.6	387
		Inspiration Consol Copper[2]	50	copper	165	–24.2	223
		Terra Chemicals[2]	100	fertilizer	273	–2.5	213
Charter Consolidated[1]	UK	National Mine Service[1]	51	mining equipment	177	4.5	120
					29,540		
3 Royal Dutch/Shell Group[1]	Netherlands	Shell Oil[1]	69	energy	20,062	1,605.0	21,376
	UK	Scallop Corp	100	energy			
		Billiton Exploration	100	metals	1,560	NA	544
		Billiton Metals	100	metals			
		Ocean Minerals	30	metals			
					21,622		
4 British Petroleum Plc[1]	UK	Standard Oil Ohio[1]	53	energy	13,152	1,879.0	16,016
		BP North America	100	energy	NA	NA	2,000E
					13,152		
5 Mitsui & Co Ltd[1]	Japan	Alumax	45	aluminum	1,004	38.7	1,159
		Mitsui & Co USA	100	multicompany	5,802E	NA	271
					6,806E		

[1]Publicly traded in U.S. [2]Shares held by Inspiration Resources. [3]North American operations. E Estimate. A Annualized. NA Not available. Note: Some foreign investors listed own U.S. companies indirectly through companies in italics.

The 100 largest foreign investments in the U.S.

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
6 Flick Group	Germany	WR Grace[1]	28%	multicompany	$6,128	$319.5	$4,916
7 B.A.T Industries Plc[1]	UK	BATUS	100	paper, retailing, tobacco	5,165	214.0	3,745
8 Générale Occidentale	France	Grand Union	100	supermarkets	4,137	24.7	756
		Diamond International	100	packaging, lumber	781	23.9	1,173
					4,918		
9 Tengelmann Group	Germany	Great A&P Tea[1]	51	supermarkets	4,608	21.4	1,093
10 Régie Nationale des Usines Renault	France	American Motors[1]	46	automotive	2,878	–153.5	1,607
		Mack Truck	20	automotive	1,292	–32.3	722
					4,170		
11 Beneficiaries of US Philips Trust	Netherlands	North American Philips[1]	61	electronics	3,168	73.6	1,826
		Signetics	100	semiconductors	325	NA	NA
					3,493		
12 Bayer AG[2]	Germany	Mobay Chemical	100	chemicals	1,132	–8.3	1,213
		Miles Laboratories	100	health care	1,076	–0.8	1,021
		Compugraphic[1]	79	photocomposition	276	7.7	232
		Helena Chemical	100	chemicals			
		Haarmann & Reimer	100	chemicals	816	NA	NA
		Agfa-Gevaert	100	photographics			
					3,300		
13 Unilever NV[1]	Netherlands	Lever Brothers	100	consumer goods			
		Thomas J Lipton	100	food	3,132[4]	80.5[3]	447[3]
		National Starch & Chem	100	adhesives, starch			
14 Volkswagenwerk AG[1]	Germany	Volkswagen of America	100	automotive	2,454	–143.1	1,000E
		Triumph-Adler (N. Amer)	100	office equipment	600E	NA	NA
					3,054		
15 Midland Bank Plc	UK	Crocker National Corp[1]	57	banking	2,894	71.6	24,939
16 Hongkong & Shanghai Banking Corp[1]	Hong Kong	Marine Midland Banks[1]	51	banking	2,412	87.0	20,239
17 Schlumberger NV[1]	Neth Antilles	Schlumberger Technology	100	oilfield svs, electronics	2,400	NA	2,400
18 Nestlé	Switzerland	Nestlé	100	food			
		Libby, McNeill & Libby	100	food			
		Stouffer Corp	100	food, restaurants			
		Alcon Laboratories	100	drugs	2,341	NA	NA
		Beech-Nut	100	food			
		Other companies	100	food, drinks, health care			
19 Brascan Ltd[1]	Canada	Scott Paper[1]	24	paper products	2,293	74.5	2,382
20 Petrofina SA	Belgium	American Petrofina[1]	75	energy	2,242	54.4	1,166
		Petrofina Delaware	100	oil & gas exploration	49	25.3	289
					2,291		
21 Canadian Pacific Ltd[1]	Canada	Soo Line Railroad[1]	56	railroad	299	15.3	526
Canadian Pacific Enterprises Ltd	Canada	Canadian Pacific Enterprises US	100	agric products, minerals, china	1,926	19.8	1,752
					2,225		
22 Française des Pétroles	France						
Total Petroleum NA[1]	Canada	Total Petroleum	100	energy	2,200E	NA	890E

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The 100 largest foreign investments in the U.S.

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
23 George Weston Ltd[1]	Canada	Interbake Inc	100%	biscuits			
		Stroehmann Brothers	100	bakery	$ 375	NA	NA
		Eastern Fine Paper	100	paper products			
Loblaw Cos[1]	Canada	Peter J Schmitt	100	food wholesaling	1,722	NA	NA
		National Tea	100	supermarkets			
					2,097		
24 CIBA-GEIGY Ltd	Switzerland	CIBA-GEIGY Corp	100	chemicals, drugs	1,965	NA	$1,493
		ILFORD Corp	100	photographic products	44	NA	21
					2,009		
25 Grand Metropolitan[1]	UK	GrandMet USA	100	tobacco, drinks & food	1,347	$77.9	1,053
		Intercontinental Hotels	100	hotels	449	NA	589
					1,796		
26 Barclays Bank Plc	UK	BarclaysAmerican	100	financial services			
		Barclays Bank NY	100	banking	1,773	–56.0	11,833
		Barclays Bank Calif	100	banking			
27 Imperial Group Plc[1]	UK	Howard Johnson	100	hotels, restaurants	725	NA	NA
		Country Poultry	50	food	1,000A	NA	NA
		Lea & Perrins	86	sauces	30E	NA	NA
					1,755E		
28 Commercial Union Assurance Plc	UK	Commercial Union Corp	100	insurance	1,655	–144.0	2,662
29 BASF AG[1]	Germany	BASF Wyandotte	100	chemicals	895	5.4	735
		Badische	100	man-made fibers	501	–0.2	483
		BASF Systems	100	magnetic media	85	NA	75
		Fritzsche Dodge & Olcott	100	flavors & fragrances	76	NA	132
		Knoll Pharmaceutical	100	drugs	61	NA	24
					1,618		
30 Dalgety Plc	UK	Dalgety Foods	100	frozen foods			
		Martin-Brower Co	100	distribution	1,600E	NA	230E
		Pig Improvement Co	100	pig breeding			
		Modern Maid Food	100	food coatings			
30 Kuwait Petroleum	Kuwait	Santa Fe International	100	oil drilling	1,600E	170.0E	1,500E
32 Consolidated Gold Fields Plc[1]	UK	Amcon Group	100	drilling rigs, mining	846	–12.7	1,011
		Newmont Mining[1]	25	mining	712	48.6	1,947
					1,558		
33 Thomas Tilling Plc	UK	Thomas Tilling	100	multicompany	1,520	NA	758
34 Hoechst AG[1]	Germany	American Hoechst	100	chemicals	1,506	3.0	1,242
35 Delhaize Le Lion SA	Belgium	Food Lion[1]	51	supermarkets	947	21.9	213
		Food Giant	100	supermarkets	544	NA	NA
					1,491		
36 Financière Crédit Suisse-First Boston	Switzerland	First Boston[1]	43	investment banking	1,395	93.0	17,324
37 Royal Insurance Plc	UK	Royal USA	100	insurance	1,380	15.9	2,378
38 Hanson Trust Plc[1]	UK	Interstate United	100	food services	372	13.1	76
		Hygrade Food Products	100	meat processors	307	10.3	56
		Endicott Johnson	100	shoe mfg, retailing	288	27.5	183
		Ames Company	100	hand tools	71	10.9	
		Carisbrook Industries	100	fabric, yarns	219	21.7	97
		Seacoast Products	100	fish oil & meal	43	–3.6	42
					1,300		

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39 Noranda Mines Ltd[1]	Canada	Noranda Inc	100%	aluminum	$ 651	NA	$1,134
MacMillan Bloedel Ltd[1]	Canada	MacMillan Bloedel	100	forest products	631	NA	559
					1,282		
40 Henkel KGaA	Germany	Henkel Corp	100	chemicals			
		Amchem Products	100	chemicals	400E	NA	NA
		Clorox[1]	23	household products	867	$45.1	540
					1,267E		
41 Trade Development Bank Holding	Luxembourg	Republic NY Corp[1]	61	banking	1,249	70.5	9,280
42 Bell Canada[1]	Canada						
Northern Telecom Ltd[1]	Canada	Northern Telecom	100	telecommunications	1,226	NA	913
43 Alusuisse	Switzerland	Maremont	100	auto parts	445	NA	310E
		Consolidated Aluminum	88	aluminum			
		Lonza	100	aluminum, electrodes			
		Heyward-Robinson	100	engineering, consulting	765	NA	787E
		Ormet	58	aluminum, electrodes			
					1,210		
44 Northern Foods Plc	UK	Bluebird Inc	100	meat products	700E	NA	NA
		Keystone Foods	80	meat, poultry	510	NA	NA
					1,210E		
45 Moore Corp Ltd[1]	Canada	Moore Business Forms	100	business forms			
		FN Burt Company	100	packaging	1,202	NA	671
46 Thyssen Group[1]	Germany	Budd Co	100	auto parts, RR equip, machine tools	1,197	NA	NA
47 Pilkington Brothers Plc	UK	Libbey-Owens-Ford[1]	30	glass	1,099	16.0	830
		Solec Intl	80	photo-optical			
		CemFIL	90	building materials	70	NA	NA
					1,169		
47 Vendex International BV	Netherlands	Dillard Dept Stores[1]	51	retailing	711	22.0	372
		HJ Wilson Co[1]	21	retailing	458	5.6	326
					1,169		
49 Ahold NV[1]	Netherlands	BI-LO	100	supermarkets	807	NA	NA
		Giant Food Stores	100	supermarkets	349	NA	NA
					1,156		
50 The BOC Group Plc[1]	UK	Airco	100	gases	1,135	43.0	1,240
		Mountain Medical Equip	52	oxygen	14	1.7	15
					1,149		
51 Akzo NV[1]	Netherlands	Akzona	100	chemicals, fibers			
		Other companies	100	drugs, chemicals	1,141[3]	NA	850E
52 Thyssen-Bornemisza NV	Netherlands	Thyssen-Bornemisza	100	diversified mfr	1,113	NA	3,141
53 General Electric Plc[1]	UK	AB Dick	100	office equipment	300E	NA	NA
		Alco Power	100	diesel engines	65E	NA	80E
		Picker Intl	80	medical equip & systems	615	NA	300E
		Other companies	100	electronics	125E	NA	NA
					1,105E		
54 F Hoffmann-La Roche	Switzerland	Hoffmann-La Roche	100	drugs, chemicals	1,100E	NA	NA
55 Alcan Aluminium Ltd[1]	Canada	Alcan Aluminum	100	aluminum	1,093	–1.0	671

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Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
56 Pechiney Ugine Kuhlmann	France	Howmet Aluminum	100%	aluminum products	$ 534	$34.4	$ 744
		Howmet Turbine Components	100	engine castings	529		
					1,063		
57 Six European Banks	6 countries	European American Bncp	100	banking	1,061	30.4	8,325
58 Elf Aquitaine Group	France	Elf Aquitaine Inc	100	chemicals, energy, mining	933	NA	NA
		Other companies	34-100	energy, drilling, drugs	106E	NA	NA
					1,039		
59 Siemens AG[1]	Germany	Siemens Corp	100	medical, electronics	1,016	NA	NA
		Siecor Inc	50	telephone, fiber optics			
		Siemens-Allis	85	power engineering			
		Other companies	100	communications			
60 Imperial Chemical Inds[1]	UK	ICI Americas	100	drugs, chemicals	1,000E	NA	NA
		Corpus Christi Petrochem	38	chemicals	NA	NA	NA
61 Swiss Reinsurance Co	Switzerland	N Am Reinsurance	100	insurance	588	23.0	1,662
		N Am Reassurance	100	insurance	104	10.0	496
		SwissRe Life Ins	100	insurance	190	–3.1	58
		Other companies	100	insurance	99	20.4	279
					981		
62 Bank of Tokyo Ltd[1]	Japan	Bank of Tokyo Trust	100	banking	483	9.5	4,135
		California First Bank[1]	76	banking	493	9.7	4,156
					976		
63 Power Corp of Canada	Canada	Great-West Life Assur	96	insurance	950E	NA	2,540E
64 Canadian Imperial Bank of Commerce[1]	Canada	Canadian Imperial Bank of Commerce	100	banking	938E	NA	5,300E
65 Franz Haniel & Cie	Germany	Scrivner Inc	100	wholesale/retail foods	911	11.1	138
66 Canada Development Corp	Canada	Savin[1]	57	office equipment	469	–32.2	407
		Polysar Inc	100	petrochemicals	379	NA	178
		Canterra Coal	100	coal	35E	NA	NA
		Canterra Petroleum	100	energy	12E	NA	NA
					895		
67 Standard Chartered Bank Group	UK	Union Bank	100	banking	859	31.0	7,545
68 General Accident Fire & Life Plc	UK	General Accident Ins Am	100	insurance	848	81.8	1,835
		Camden Fire Assurance	100	insurance			
		Penn Gen Insurance	100	insurance			
		Potomac Ins of Illinois	100	insurance			
69 Davy Corp Plc	UK	Davy Inc	100	construction, engineering	843	4.2	260
70 Saint-Gobain	France	CertainTeed Corp[1]	57	building supplies	827	–7.1	617
71 Imasco Ltd[1]	Canada	Hardee's Food Systems	100	fast food	807	NA	364
		Shoppers Drug Mart	100	health & beauty prods	14E	NA	NA
		Tinder Box Intl Ltd	100	tobacco products			
					821		
72 Natl Westminster Bank Plc	UK	Natl Bank North Amer	100	banking	818	17.5	6,807
73 Johnson Matthey Plc	UK	Johnson Matthey Investments	100	jewelry, metal fabrication	800	NA	364

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Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
74 Bowater Corp Plc[1]	UK	Bowater North America	100%	lumber, pulp & paper			
		Catawba Newsprint	51	newsprint	$786	NA	$ 820
		Bowater Computer Forms	100	business forms			
75 Sun Life Assurance Co of Canada	Canada	Sun Life Assurance (US)	100	insurance			
		Suncan Equity Services	100	financial services			
		Suncan Benefit Services	100	financial services	771	NA	2,988
		Mass Financial Services	100	financial services			
76 Manufacturers Life Insurance	Canada	Manufacturers Life Ins	100	insurance	770E	NA	2,794
77 United Biscuits (Holdings) Plc	UK	Keebler	100	baked goods	674	$31.3	325
		Specialty Brands	43	spices, salad dressing	87	5.0	38
					761		
78 Beecham Group Plc[1]	UK	Beecham	100	drugs, consumer prods			
		Jovan	100	cosmetics, fragrances	750	NA	700
		DAP	100	sealants			
79 Nova[1]	Canada						
Husky Oil Ltd[1]	Canada	Husky Oil Co	100	energy, steel, charcoal	747	NA	620
79 Ultramar Plc	UK	Ultramar American Ltd	100	energy	747	NA	266
81 Genstar Ltd[1]	Canada	Genstar USA	100	bldg matls, financial serv	742	NA	1,150
82 Daimler-Benz Group	Germany	Freightliner	100	automotive	520	NA	NA
		Euclid	100	automotive	191	NA	NA
					711		
83 Sandoz Ltd	Switzerland	Sandoz United States	100	food, drugs, seeds, chem	705	NA	NA
		Ex-Lax Pharmaceutical	100	health care			
84 Electrolux AB	Sweden	Dometic Inc	100	appliances	697	NA	394
85 Nationale-Nederlanden NV	Netherlands	GeorgiaUS	100	insurance	326	31.8	1,270
		Peerless Insurance	100	insurance	152	0.7	230
		Security Life Denver	100	insurance	83	31.2	342
		Midwestern United Life	88	insurance	68	4.2	264
		Wisconsin National Life	100	insurance	35	4.1	144
		Netherlands Insurance	100	insurance	20	0.9	31
					684		
86 Ennia NV	Netherlands	National Old Line	100	insurance	63	7.5	282
		Equity National Ins	100	insurance	16	1.3	20
		American Old Line	100	insurance	2	0.6	6
Extendicare Ltd	Canada	Annapolis Life Ins	100	insurance			
		Coronet Life Ins	100	insurance	536	NA	NA
		Medco Centers	100	insurance	54	NA	39
					671		
87 Olympia & York Developments Ltd	Canada	Abitibi-Price	94	forest products	190	NA	155
		Landmark Land[1]	29	recreation	81	2.1	851
		Brinco	52	mining, energy	11	NA	10
		Royal Trustco	24	banking	71	3.4	809
		Trizec	37	property development	151	NA	NA
		Rouse[1]	25	property dev, banking	164	8.1	632
					668		
88 Allianz Versicherungs AG	Germany	Allianz of America	100	insurance	449	11.0	1,615
		Munich Amer Reinsurance	45	insurance	121	7.0	323
		Munich Amer Reassurance	45	insurance	41	0.6	76
					611		
89 Rio Tinto-Zinc Plc[1]	UK	US Borax & Chemical	100	chemicals	350E	NA	350E
		Indal US	59	building products	250	NA	170
					600E		

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90 IFI International SA	Luxembourg	Moog Automotive	100%	auto parts			
		Chicago Rawhide	100	auto parts			
		River Cement	40	cement	$600	NA	NA
		Income International	100	industrial components			
		Hercules Cement	46	cement			
		Signal Cement	46	cement			
91 Sobey Group	Canada	Hannaford Brothers[1]	25	food distribution	559	$ 7.9	$ 125
92 AGO Holdings NV	Netherlands	Life Investors[1]	63	insurance	558	27.3	1,353
93 TransCanada PipeLines[1]	Canada	Great Lakes Gas Transmission	50	gas pipeline	536	25.1	401
94 Cadbury Schweppes Plc[1]	UK	Cadbury Schweppes USA	100	food	534	NA	238
95 Baron Edmond de Rothschild	Switzerland	BanCal Tri-State[1]	30	banking	521	8.7	3,839
96 Ivaco	Canada	Laclede Steel[1]	40	steel	178	–8.1	126
		Atlantic Steel	100	steel			
		Capitol Wire & Fence	100	steel			
		Florida Wire & Cable	84	steel	336	NA	257
		National Wire Prods	60	steel			
		New York Wire Mills	100	steel			
		Niagara Lockport Inds	100	paper machine clothing			
					514		
97 Volvo AB	Sweden	Volvo White Truck	100	automotive	342	–14.0	177
		Hamilton Bros Petroleum[1]	25	energy	169	9.0	362
					511		
98 Fiat SpA	Italy	Fiat-Allis	80	construction equip	307	–26.1	237
		Hesston Corp[1]	50	agricultural equip	202	–7.9	144
					509		
99 Thorn EMI Plc	UK	Thorn EMI (US)	100	music, films, electronics	500E	NA	NA
100 Steinberg Inc[1]	Canada	Smitty's Super Valu	100	supermarkets	497	8.2E	194

And the 25 runners-up

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
101 Syntex[1]	Panama	Syntex	100	drugs	495	NA	396
102 Otto Versand	Germany	Spiegel Inc	100	catalog retailing	485	5.3	447
103 "Winterthur" Swiss Insurance Company	Switzerland	Republic Financial Services	100	insurance	481	25.5	938
104 LM Ericsson Telefonaktiebolaget[1]	Sweden	Anaconda-Ericsson	50	telecommun equipment	470	NA	476
		Ericsson Programatic	31	computer software	7	NA	3
					477		
105 Hawker Siddeley Group Plc[1]	UK	Lister Diesels	100	engine assembly	15	NA	11
		FASCO	100	electrical equipment	152	5.0	110
		Onan	37	engines	250E	NA	180E
Carlton Inds	UK	KW Battery	100	industrial batteries	20E	NA	NA
Hawker Siddeley Can	Canada	Corinth Machinery	100	sawmill equip, pumps			
		Dosco	100	mining equipment	30	NA	25
		Tree Farmer Equipment	100	foresting equipment			
					467E		

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And the 25 runners-up

Foreign investor	Country	US company	% owned	Industry	Revenue (millions)	Net income (millions)	Assets (millions)
106 Inco Ltd[1]	Canada	International Nickel Huntington Alloys	100% 100	metals metals products	$465	NA	$ 407
107 Fujitsu Ltd[1]	Japan	Amdahl[1]	24	computers	462	$4.9	565
108 ASEA Group	Sweden	ASEA (USA)	100	elec & industrial equip	461	NA	NA
109 Matsushita Electric Industrial Co[1]	Japan	Matsushita Electric Corp of America	100	electronics	460E	NA	850E
110 Olsen, Lehmkuhl Families	Norway	Timex	100	watches	450E	NA	NA
110 Sony Corp[1]	Japan	Sony Corp (US)	100	consumer electronics	450E	NA	NA
112 L'Air Liquide[1]	France	Liquid Air Corp[1]	61	industrial gases	449	27.5	537
113 Babcock Intl Plc[1]	UK	ACCO/Babcock	100	diversified mfg	440	NA	280
114 S Pearson & Son Plc	UK	Midhurst Corp Pearson Longman (US) Cedar Point[1]	100 100 25	oil services & equipment publishing amusement parks	365E 69 434E	NA 10.6	NA NA
115 Intl Thomson Org Ltd	Canada	International Thomson	100	publishing, travel, energy	432	NA	466
116 Rhône-Poulenc SA	France	Rhône-Poulenc Dysan Corp[1]	100 20	chemicals data processing equip	281 143 424	NA 9.0	NA 171
117 Guest, Keen & Nettlefolds	UK	Guest, Keen & Nettlefolds	100	automotive, steel	418	NA	NA
118 Société Auxiliare D'Entreprises	France	Spaw-Glass Continental Heller Pinkerton & Laws	51 72 40	building building building	273 82 60 415	NA NA NA	NA NA NA
119 Koninklijke Wessanen NV	Netherlands	Marigold Foods Friwessa Real Veal Crowley Foods	100 100 100 100	dairy vegetable oil animal feed dairy	400E	NA	NA
120 Jefferson Smurfit Group Ltd	Ireland	Alton Packaging Smurfit Industries	100 100	packaging packaging	398	12.1	248
121 IDB Bankholding Corp Ltd	Israel	Israel Discount Bank NY PEC Israel Economic Corp	100 100	banking Israeli-related ventures	373 22 395	14.4 NA	3,079 118
122 BBC-Brown Boveri & Cie	Switzerland	BBC Brown Boveri	100	power equipment	390	NA	350
123 Willy Korf **Govt of Kuwait**	Germany Kuwait	Korf Industries	70 30	steel, technology	380E	NA	NA
123 SKF AB	Sweden	SKF Industries	96	bearings, auto parts	380	NA	NA
125 Asamera	Canada	Asamera Oil Asamera Minerals	100 100	energy mining	375	NA	131

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Hard times... in any language

Multinationals, the pride of U.S. industry, suffer like everyone else in a recession. But after 1982 they might consider suing for assault and battery. Total revenues of the top 100, a figure that usually posts a solid gain, fell nearly 3% to $1.2 trillion.

Even companies gaining in rank did so primarily because their revenues fell less rapidly than someone else's. Still, there were exceptions: SmithKline Beckman, for one, up 23, to 101, had gains on strong sales and its merger with Beckman Instruments.

On the downside, however, International Harvester fell from 46 to 86 by selling its construction equipment and transmission operations.

Other firms disappeared from this list completely. These include Black & Decker, Foster Wheeler, Norton Simon, Revlon, Signal and Sterling Drug—victims of the weak economy. Replacements, meanwhile, include four banks—Crocker National, First Interstate, Mellon National and Republic New York—and Allegheny International. Why such a big financial presence? Increased foreign loans, as was the case at Crocker, can be a factor in helping a bank show up on this list. First Interstate's debut comes for different reasons: The bank boosted foreign holdings by keeping short-term money parked in Japan and Europe.

The 100 largest U.S. multinationals

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
1	Exxon	$69,386	$97,173	71.4%	$2,208	$4,343	50.8%	$29,914	$62,289	48.0%
2	Mobil	37,778[1]	60,969[1]	62.0	880[2]	1,380[2]	63.8	18,802	36,439	51.6
3	Texaco	31,118	46,986	66.2	833[2]	1,281[2]	65.0	12,956	27,114	47.8
4	Standard Oil Calif	16,957	34,362	49.3	404[2]	1,377[2]	29.3	8,861	23,465	37.8
5	Phibro-Salomon	16,600	26,703	62.2	218[2]	337[2]	64.7	4,600	39,669	11.6
6	Ford Motor	16,526	37,067	44.6	460[2]	–658[2]	P/D	14,327	21,956	65.3
7	IBM	15,336	34,364	44.6	1,646[2]	4,409[2]	37.3	14,122	32,541	43.4
8	General Motors	14,376	60,026	23.9	–107[2]	963[2]	D/P	12,288	41,363	29.7
9	Gulf Oil	11,513	28,427	40.5	300[2]	900[2]	33.3	7,625	20,436	37.3
10	E I du Pont de Nemours	11,057	33,223	33.3	488[6]	1,491[6]	32.7	5,911	24,343	24.3
11	Citicorp	10,865	17,814	61.0	448[2]	723[2]	62.0	73,316[4]	121,482[4]	60.4
12	Intl Tel & Tel[3]	9,824	21,922	44.8	851	1,194	71.3	9,914	29,172	34.0
13	BankAmerica	8,051	14,955	53.8	253[5]	389[5]	65.0	54,847[4]	119,869[4]	45.8
14	Chase Manhattan	6,207	10,171	61.0	215[2]	307[2]	70.0	41,387	80,863	51.2
15	Dow Chemical	5,544	10,618	52.2	143	356	40.2	5,260	11,807	44.5
16	General Electric	5,490[1]	27,192[1]	20.2	395[2]	1,817[2]	21.7	5,373	21,615	24.9
17	Sun Co	4,901[1]	15,739[1]	31.1	54[6]	706[6]	7.7	2,399	12,019	20.0
18	Standard Oil Indiana	4,862[1]	28,389[1]	17.1	618[2]	1,826[2]	33.8	6,470	24,289	26.6
19	Occidental Petroleum	4,715[1]	18,527[1]	25.4	345[6]	548[6]	63.0	3,502	15,773	22.2
20	Safeway Stores	4,380	17,633	24.8	84[2]	160[2]	52.5	1,052	3,891	27.0

*Unless otherwise indicated [1]Includes other income [2]Net income [3]Includes proportionate interest in unconsolidated subsidiaries or investments [4]Average assets [5]Income before security gains or losses [6]Profit before interest and after taxes [7]Pretax income [8]Excludes international transportation [9]Estimate [10]Excludes Canada [11]Continuing operations before taxes P/D: Profit over deficit D/P: Deficit over profit NA: Not available

The 100 largest U.S. multinationals

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
21	J P Morgan	$4,268	$ 6,885	62.0%	$ 283[2]	$ 394[2]	71.8%	$32,927	$58,597	56.2%
22	Eastman Kodak	4,181	10,815	38.7	302	1,860	16.2	2,978	10,614	28.1
23	Manufacturers Hanover	3,929	7,640	51.4	147[2]	295[3]	49.8	30,321	64,041	47.3
24	Procter & Gamble	3,737	11,994	31.2	88[1]	777[2]	11.3	1,700	7,510	22.6
25	Xerox	3,630	8,456	42.9	151[3]	424[2]	35.6	3,531	7,668	46.0
26	Goodyear	3,336	8,689	38.4	210	715	29.4	2,209	5,194	42.5
27	Phillips Petroleum	3,042	15,698	19.4	1,199	2,291	52.3	2,756	12,097	22.8
28	Union Carbide	3,010	9,062	33.2	275	657	41.9	3,198	10,616	30.1
29	United Technologies	2,925	13,577	21.5	114[2]	427[2]	26.7	2,204	7,993	27.6
30	Colgate-Palmolive	2,859	4,888	58.5	223	394	56.6	1,055	2,574	41.0
31	Dart & Kraft	2,845	9,974	28.5	301	861	35.0	1,410	5,134	27.5
32	Coca-Cola	2,670	6,250	42.7	638	1,056	60.4	1,438	4,923	29.2
33	CPC International	2,666	4,091	65.2	289	448	64.5	1,540	2,413	63.8
34	Pan Am World Airways	2,624	3,716	70.6	–49	–314	15.6	NA	2,696	NA
35	Tenneco	2,594	14,979	17.3	354	1,862	19.0	2,761	17,378	15.9
36	Bankers Trust New York	2,587	4,677	55.3	113[2]	223[2]	50.7	21,149	40,427	52.3
37	Minn Mining & Mfg	2,527	6,601	38.3	353	1,048	33.7	1,673	5,514	30.3
38	R J Reynolds Inds	2,484	10,906	22.8	155[4]	1,594	9.7	1,422[5]	10,355	13.7
39	Johnson & Johnson	2,457	5,761	42.6	446	854	52.2	1,710	4,210	40.6
40	Chemical New York	2,426	5,515	44.0	104[3]	269[3]	38.7	18,662	48,275	38.7
41	Atlantic Richfield	2,322	26,462	8.8	20[2]	1,676[2]	1.2	1,626	21,633	7.5
42	F W Woolworth	2,289	5,124	44.7	104	257	40.5	986	2,489	39.6
43	GTE	2,135	12,066	17.7	65[2]	836[2]	7.8	3,376	22,294	15.1
44	Continental Illinois	2,130	5,900	36.1	51[2]	78[2]	65.4	14,753[9]	42,899	34.4
45	Getty Oil[3]	2,119	12,762	16.6	826	1,794	46.0	1,838	11,404	16.1
46	Sperry	2,114	5,571	37.9	213	631	33.8	2,003	5,343	37.5
47	Beatrice Foods	2,112	9,188	23.0	166	773	21.5	903	4,732	19.1
48	General Foods	2,088	8,351	25.0	109	634	17.2	1,039	3,861	26.9
49	Halliburton	2,062	7,282	28.3	280	856	32.7	1,673	5,582	30.0
50	American Express	2,033	8,093	25.1	208	907	22.9	9,124	28,311	32.2
51	First Chicago	1,998	4,402	45.4	44[2]	137[2]	32.1	14,573	35,876	40.6
52	Fluor	1,995	7,336	27.2	157	427	36.8	1,009	4,701	21.5
53	Nabisco Brands	1,941	5,871	33.1	194	635	30.6	1,224	3,692	33.2
54	Trans World	1,905	5,108	37.3	175	144	121.5	1,033	3,536	29.2
55	Monsanto	1,842	6,325	29.1	80	541	14.8	1,209	6,077	19.9
56	American Brands[3]	1,826	4,563	40.0	166	782	21.2	1,372	6,256	21.9
57	Pfizer	1,816	3,454	52.6	299	615	48.6	1,733	3,749	46.2
58	Hewlett-Packard	1,759	4,254	41.3	252[7]	676[7]	37.3	958	3,470	27.6
59	Sears, Roebuck[3]	1,755	31,044	5.7	–36[2]	830[2]	D/P	1,142	37,057	3.1
60	Burroughs	1,738[1]	4,186[1]	41.5	288	306	94.1	1,375	4,123	33.3
61	NCR	1,737	3,526	49.3	231	473	48.8	1,339	3,373	39.7
62	American Intl Group	1,655[10]	3,563	46.4	289[10]	479	60.3	3,993[10]	9,120	43.8
63	K mart[3]	1,650	17,657	9.3	28[2]	262[2]	10.7	656	7,520	8.7
64	Chrysler	1,548	10,045	15.4	–35[11]	–68[11]	51.5	1,314	6,264	21.0
65	Honeywell	1,502	5,490	27.4	160	427	37.5	1,148	4,471	25.7
66	Union Oil California	1,501[1]	10,556[1]	14.2	57[2]	804[2]	7.1	1,216	8,511	14.3
67	Allied Corp	1,479	6,167	24.0	677	785	86.2	1,010	6,272	16.1
68	Bank of Boston	1,456	2,745	53.0	25[3]	124[2]	20.2	7,982[4]	17,506[4]	45.6
69	PepsiCo	1,451	7,499	19.3	22	698	3.2	1,266	4,197	30.2
70	American Home Products	1,412	4,582	30.8	256	1,047	24.5	699	2,832	24.7
71	Deere	1,402	4,608	30.4	–63	136	D/P	1,180	5,936	19.9
72	Digital Equipment	1,383	3,881	35.6	215	585	36.8	1,118	4,024	27.8
73	Consolidated Foods	1,372	6,039	22.7	93[7]	272[7]	34.2	780	2,399	32.5
74	H J Heinz	1,371	3,689	37.2	126	362	34.8	811	2,130	38.1
75	Continental Group[3]	1,356	5,564	24.4	63	339	18.6	666	5,727	11.6

*Unless otherwise indicated. [1]Includes other income. [2]Net income. [3]Includes proportionate interest in unconsolidated subsidiaries or investments. [4]Average assets. [5]Income before security gains or losses. [6]Profit before interest and after taxes. [7]Pretax income. [8]Excludes international transportation. [9]Estimate. [10]Excludes Canada. [11]Continuing operations before taxes. P/D: Profit over deficit. D/P: Deficit over profit. NA: Not available.

The 100 largest U.S. multinationals

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
76	Scott Paper[3]	$1,355	$3,648	37.1%	$ –40	$ 74	D/P	$ 1,120	$3,270	34.3%
77	Warner-Lambert	1,352	3,246	41.7	282	597	47.2%	953	2,906	32.8
78	Merck	1,349	3,063	44.0	229	603	38.0	1,536	3,648	42.1
79	Texas Instruments	1,330	4,327	30.7	130	213	61.0	807	2,631	30.7
80	Irving Bank	1,317	2,277	57.8	48[5]	83[5]	57.8	10,900[9]	19,514	55.9
81	W R Grace	1,274	6,128	20.8	190[7]	604[7]	31.5	821	4,916	16.7
82	Murphy Oil	1,269[1]	2,682[1]	47.3	95[2]	158[2]	60.1	1,126	2,990	37.7
83	Caterpillar Tractor	1,250	6,469	19.3	–17	–253	6.7	1,090	7,201	15.1
84	Gillette	1,241[10]	2,239	55.4	166[10]	319	52.0	968[10]	1,667	58.1
85	Motorola	1,230	3,786	32.5	58	304	19.1	688	2,833	24.3
86	International Harvester	1,227	4,292	28.6	–62	–281	22.1	551	3,699	14.9
87	Gulf & Western Inds[3]	1,224	6,423	19.1	188	482	39.0	1,900[9]	10,902	17.4
88	Bristol-Myers	1,223	3,600	34.0	211	657	32.1	848	2,756	30.8
89	American Cyanamid	1,220	3,454	35.3	66[2]	132[2]	50.0	794	2,997	26.5
90	Avon Products	1,219	3,001	40.6	158	415	38.1	693	2,233	31.0
91	Firestone	1,209	3,869	31.2	89	99	89.9	851	2,672	31.8
92	Westinghouse Electric	1,185	9,745	12.2	86	709	12.1	807	8,427	9.6
93	Philip Morris	1,166	9,102	12.8	119	1,638	7.3	1,486	9,692	15.3
94	Allegheny International[3]	1,157	3,167	36.5	92	234	39.3	579	2,104	27.5
95	Ralston Purina	1,155	4,803	24.0	10	255	3.9	360	2,114	17.0
96	TRW	1,149	5,132	22.4	135	426	31.7	829	3,125	26.5
97	Security Pacific	1,100	4,491	24.5	74[2]	234[2]	31.6	9,184	36,991	24.8
98	Carnation	1,095	3,382	32.4	73	335	21.8	358	1,712	20.9
99	Marine Midland Banks	1,093	2,412	45.3	41[2]	87[2]	47.1	8,436	20,239	41.7
100	Litton Industries	1,093	4,942	22.1	125	581	21.5	454	3,837	11.8

And the 25 runners-up

Rank	Company	Foreign revenue (millions)	Total revenue (millions)	Foreign as % of total	Foreign operating profit* (millions)	Total operating profit* (millions)	Foreign as % of total	Foreign assets (millions)	Total assets (millions)	Foreign as % of total
101	SmithKline Beckman	$1,087	$2,969	36.6%	$227	$671	33.8%	$ 839	$2,858	29.4%
102	Eli Lilly	1,065	2,963	35.9	78[2]	412[2]	18.9	937	3,155	29.7
103	Control Data	1,060	4,292	24.7	111	220	50.5	993	6,912	14.4
104	Quaker Oats	1,052	2,712	38.8	90	272	33.1	552	1,477	37.4
105	Kimberly-Clark	1,037	2,946	35.2	79	288	27.4	1,079	2,664	40.5
106	Singer	1,004	2,523	39.8	17	81	21.0	680	1,422	47.8
107	City Investing	1,000	5,771	17.3	90	428	21.0	835	7,555	11.1
108	Ingersoll-Rand	974	2,775	35.1	48	187	25.7	751	2,403	31.3
109	Hercules[3]	970	2,858	33.9	75	143	52.4	781	2,180	35.8
110	United Brands	969	3,973	24.4	–9	39	D/P	522	1,265	41.3
111	Armco[3]	966	6,279	15.4	64	68	94.1	712	6,208	11.5
112	Dresser Industries	942	4,166	22.6	77	323	23.8	763	3,311	23.0
113	RCA[3]	930	9,338	10.0	52[7]	321[7]	16.2	933	12,932	7.2
114	American Standard	929	2,125	43.7	80	103	77.7	565	1,520	37.2
115	Mellon National	857	2,355	36.4	43[2]	134[2]	32.1	7,781	20,294	38.3
116	Kellogg	853	2,367	36.0	65[2]	228[2]	28.5	496	1,297	38.2
117	First Interstate	846	4,608	18.4	19[2]	221[2]	8.6	8,124	40,884	19.9
118	Schering-Plough	838	1,818	46.1	112	300	37.3	304	2,429	33.1
119	Anderson, Clayton	832	1,681	49.5	19[2]	55[2]	34.5	327	909	36.0
120	Crocker National	826	2,894	28.5	49[2]	72[2]	68.1	7,234	24,939	29.0
121	Republic New York	823	1,249	65.9	48[2]	71[2]	67.6	5,991	9,280	64.6
122	Levi Strauss	821	2,572	31.9	77	334	23.1	407	1,621	25.1
123	Morrison-Knudsen	819	2,361	34.7	53	147	36.1	239	893	26.8
124	Borg-Warner	801	3,195	25.1	57	227	25.1	402	2,463	16.3
125	Combustion Engineering	800	3,570	22.4	41[2]	158[2]	25.9	588	2,824	20.8

*Unless otherwise indicated. [1]Includes other income. [2]Net income. [3]Includes proportionate interest in unconsolidated subsidiaries or investments. [4]Average assets. [5]Income before security gains or losses. [6]Profit before interest and after taxes. [7]Pretax income. [8]Excludes international transportation. [9]Estimate. [10]Excludes Canada. [11]Continuing operations before taxes. P/D: Profit over deficit. D/P: Deficit over profit. NA: Not available.

The Japanese try harder

The Japanese trading firms and British Petroleum and Royal Dutch/Shell again top this roster. Indeed, ranked by sales, the Japanese and British companies dominate the list, including the runners-up. Almost one-third of the largest foreign companies are Japanese, with a combined total of $657 billion in revenues. The U.K. component includes roughly half as many companies, with less than half of the revenues, some $318 billion.

Further down the nationality ranking come other European countries and Canada. Germany is third with 18 firms, and France is close behind with 17; revenues from each country hover around $200 billion. Also represented, but well below the top four, are Italy and the Netherlands.

For those who believe in the eventual dominance of services over the real producers, consider the following. Our top companies fall into these categories: energy (21), multicompanies (10), automotive (9) and electrical equipment (9). Banking, however, is represented by 23 firms, while there are 9 wholesalers. More important, banks showed the most improvement in revenues, with Bank of Tokyo the star performer—up 36%. The rising sun just never seems to set.

The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
1 Royal Dutch/Shell Group	Dec	$83,809	$3,489	$69,594	$16,934[3]	Netherlands/UK	energy	163.0
2 Mitsubishi Corp	Mar	68,721	149	20,355	2,952	Tokyo, Japan	wholesaler	15.5
3 Mitsui & Co Ltd	Mar	68,184	5	20,405	1,697	Tokyo, Japan	wholesaler	12.3
4 C Itoh & Co Ltd	Mar	55,863	22	15,006	1,124	Tokyo, Japan	wholesaler	10.0
5 Marubeni Corp	Mar	52,199	7	15,612	1,065	Osaka, Japan	wholesaler	10.4
6 British Petroleum Co Plc	Dec	51,353	1,246	42,403	8,682	London, UK	energy	143.4
7 Sumitomo Corp	Mar	48,389	128	10,945	1,238	Osaka, Japan	wholesaler	11.0
8 Nissho Iwai Corp	Mar	34,661	16	9,342	526	Tokyo, Japan	wholesaler	7.8
9 ENI-Ente Nazionale Idrocarburi	Dec	27,525	–1,202	28,810[4]	none[5]	Rome, Italy	energy	144.0
10 IRI-Istituto Ricostruzione Industriale	Dec	24,833	–1,975	48,558[4]	none[5]	Rome, Italy	multicompany	525.3
11 Unilever	Dec	23,134	660	11,725	4,611[3]	Netherlands/UK	consumer goods	283.0
12 TOTAL Group (Française des Pétroles)	Dec	20,040	–81	13,096	485	Paris, France	energy	47.3
13 Petroleos Mexicanos	Dec	19,624	10	34,349	none[5]	Mexico City, Mex	energy	150.0
14 VEBA Group	Dec	19,318	124	12,755	1,957	Duesseldorf, Ger	energy	80.5
15 Petróleo Brasileiro SA	Dec	18,937	577	15,283	398	Rio de Janeiro, Brazil	energy	70.1
16 Nippon Tel & Tel Public Corp	Mar	18,010	1,564	40,165	none[5]	Tokyo, Japan	telecommun	327.0
17 Toyo Menka Kaisha Ltd	Mar	17,656	5	4,991	274	Osaka, Japan	wholesaler	4.7
18 Elf Aquitaine Group	Dec	17,468	537	19,776	1,394	Paris, France	energy	59.1
19 Deutsche Bundespost	Dec	17,335	1,101	33,648	none[5]	Bonn, Germany	communications	485.5
20 Nissan Motor Co Ltd	Mar	17,147	447	11,992	6,042	Tokyo, Japan	automotive	60.2[6]
21 Siemens Group	Sept	16,976	280	14,550	4,406	Munich, Germany	elec equipment	324.0
22 Nippon Oil Co Ltd	Mar	16,852	25	6,867	4,016	Tokyo, Japan	energy	11.7
23 Toyota Motor Corp	June	16,483[6]	606[6]	10,792	12,620	Toyota City, Japan	automotive	56.0
24 Petróleos de Venezuela SA	Dec	16,473	2,539	22,826	none[5]	Caracas, Venezuela	energy	44.4
25 PTT-Postes et Télécommunications	Dec	16,387	NA	90,487[4]	none[5]	Paris, France	communications	483.0
26 NV Philips Lamp	Dec	16,100	162[7]	16,496[7]	1,890	Eindhoven, Neth	elec equipment	336.2
27 Daimler-Benz Group	Dec	16,033	389	9,545	5,036	Stuttgart, Germany	automotive	185.7
28 Kanematsu-Gosho Ltd	Mar	15,954	–7	5,185	175	Tokyo, Japan	wholesaler	4.5
29 Renault Group	Dec	15,846	–216	11,694	none[5]	Boul-Billancourt, Fr	automotive	217.3
30 Hitachi Ltd	Mar	15,799	603	17,374	9,921	Tokyo, Japan	elec equipment	155.6

[1]Revenue is for "group" or consolidated and excludes excise taxes and duties. [2]As of Dec. 31, 1982. [3]Combined market value. [4]Figures for year ended Dec. 31, 1981. [5]Government, privately owned or mutual. [6]Not fully consolidated. [7]Based on current cost accounting. NA-Not available. E-Estimated. P-Preliminary.

General notes: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at a rate of exchange at fiscal year-end. Figures for 1982 were used for those March fiscal-year companies for which 1983 results were not available at press time.

The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
31 Volkswagen Group	Dec	$15,427	$ 96	$10,887	$1,456	Wolfsburg, Ger	automotive	239.1
32 Fiat Group	Dec	15,305	NA	19,039[3]	552	Turin, Italy	automotive	265.0
33 The Electricity Council	Mar	15,261	–153[3]	61,934[3]	none[3]	London, UK	utility	146.7
34 National Iranian Oil Co	Dec	15,000E	NA	NA	none[3]	Tehran, Iran	energy	NA
35 Nichimen Corp	Mar	14,928	6	4,998	256	Osaka, Japan	wholesaler	3.6
36 Matsushita Electric Industrial Co	Nov	14,771	636	12,539	9,491	Osaka, Japan	elec equipment	121.3
37 Tokyo Electric Power Co[6]	Mar	14,576	255	29,610	5,394	Tokyo, Japan	utility	40.1
38 Nippon Steel Corp	Mar	14,420	258	15,176	4,017	Tokyo, Japan	steel	69.6[5]
39 Hoechst Group	Dec	14,418	104	10,976	2,238	Frankfurt, Germany	chemicals	182.2
40 BASF Group	Dec	14,359	113	8,476	2,111	Ludwigshafen, Ger	chemicals	115.9
41 Bayer Group	Dec	14,355	59	12,181	2,429	Leverkusen, Ger	chemicals	179.5
42 Nestlé	Dec	13,626	541	9,505	4,080	Vevey, Switzerland	food processing	141.5
43 Idemitsu Kosan Co Ltd[6]	Mar	13,565	–155	7,437	none[3]	Tokyo, Japan	energy	7.7
44 Barclays Bank Group	Dec	13,510	576	95,329	2,165	London, UK	banking	120.0
45 Electricité de France	Dec	13,276	–1,202	40,695	none[3]	Paris, France	utility	121.8
46 Mitsubishi Heavy Inds Ltd	Mar	13,247	105	16,569	2,604	Tokyo, Japan	indl machinery	95.4
47 Crédit Lyonnais Group	Dec	13,112	122	96,735	none[3]	Paris, France	banking	45.5[5]
48 Banque Nationale de Paris Group	Dec	13,022	184	109,944	none[3]	Paris, France	banking	60.0
49 Thyssen Group	Sept	12,957	–28	7,036	758	Duisburg, Germany	steel	143.9
50 Imperial Chemical Inds Plc	Dec	12,880	254	11,779	3,505	London, UK	chemicals	123.8
51 Nippon Life Insurance Co	Mar	12,256	1,806	28,815	none[3]	Osaka, Japan	insurance	15.1
52 Kuwait Petroleum Corp	June	12,234	1,054	10,792	none[3]	Safat, Kuwait	energy	13.0
53 INI-Instituto Nacional de Industria	Dec	12,225	–928	23,408	none[3]	Madrid, Spain	multicompany	230.0
54 Volvo Group	Dec	12,037	186	6,344	1,252	Gothenburg, Sweden	automotive	75.1
55 National Westminster Bank Plc	Dec	11,760	700	87,969	1,737	London, UK	banking	88.5
56 Peugeot Groupe SA	Dec	11,451	–327	8,761	216	Paris, France	automotive	209.4
57 Midland Bank Group	Dec	11,327	253	77,495	823	London, UK	banking	91.4
58 British National Oil Corp	Dec	11,318	102	537	none[3]	London, UK	oil trading	0.1
59 B.A.T Industries Plc	Dec	11,300E	788	10,402	3,669	London, UK	multicompany	178.0
60 Deutsche Bundesbahn	Dec	10,962	–1,710	25,889	none[3]	Frankfurt, Germany	transportation	332.7
61 British Telecom	Mar	10,915	875	17,587	none[3]	London, UK	telecommun	245.9
62 Royal Bank of Canada	Oct	10,332	292	72,156	1,996	Montreal, Canada	banking	39.8
63 Toshiba Corp	Mar	10,301	195	9,224	3,937	Kawasaki, Japan	elec equipment	103.0
64 ENEL	Dec	10,150P	–1,800P	38,000P	none[3]	Rome, Italy	utility	116.6
65 Bank Hapoalim BM	Dec	10,132	192	22,263	1,764	Tel Aviv, Israel	banking	10.3
66 Cie Générale d'Electricité	Dec	10,012	75E	11,868[5]	none[3]	Paris, France	elec equipment	192.2
67 British Gas Corp	Mar	10,011	275[3]	21,334[3]	none[3]	London, UK	utility	105.8
68 NV Nederlandse Gasunie	Dec	9,999	30	2,963	none[3]	Groningen, Neth	energy	1.8
69 Canadian Pacific Ltd	Dec	9,962	153	14,050	2,091	Montreal, Canada	multicompany	127.0
70 ÖIAG-Österreichische Industrie-verwaltungs AG	Dec	9,854	0	4,099	none[3]	Vienna, Austria	metals	109.6
71 RWE Group	June	9,783	201	10,735	1,918	Essen, Germany	energy	70.1
72 Société Générale Group	Dec	9,471	139	85,742	none[3]	Paris, France	banking	46.5
73 INH-Instituto Nacional de Hidrocarburos	Dec	9,349P	NA	7,237P	none[3]	Madrid, Spain	energy	21.0
74 Petrofina SA	Dec	9,216	265	5,703	1,426	Brussels, Belgium	energy	21.0
75 National Coal Board	Mar	9,040	–819	9,221	none[3]	London, UK	energy	282.0
76 Honda Motor Co Ltd	Feb	8,926	289	5,615	3,438	Tokyo, Japan	automotive	46.2
77 Deutsche Bank Group	Dec	8,737	135	83,808	3,125	Frankfurt, Germany	banking	45.6
78 Dai-Ichi Kangyo Bank	Mar	8,519	159	99,957	4,943	Tokyo, Japan	banking	23.7
79 Banco do Brasil	Dec	8,442	990	60,918	716	Brasilia, Brazil	banking	119.4
80 Maruzen Oil Co Ltd	Mar	8,085	–406	4,369	449	Osaka, Japan	energy	4.0

[1]Revenue is for "group" or consolidated and excludes excise taxes and duties. [2]As of Dec. 31, 1982. [3]Combined market value. [4]Figures for year ended Dec. 31, 1981. [5]Government, privately owned or mutual. [6]Not fully consolidated. [7]Based on current cost accounting. NA Not available. E Estimated. P Preliminary.

General notes: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at a rate of exchange at fiscal year-end. Figures for 1982 were used for those March fiscal year companies for which 1983 results were not available at press time.

The 100 largest foreign companies

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
81 Lloyds Bank Group	Dec	$8,084	$425	$55,631	$1,234	London, UK	banking	70.2
82 Crédit Agricole	Dec	8,064E[4]	174	98,507	none[5]	Paris, France	banking	70.8
83 Hyundai Group	Dec	8,036	108	6,070	none[5]	Seoul, Korea	multicompany	137.0
84 General Electric Co Plc	Mar	8,012	684	7,212	9,302	London, UK	elec equipment	189.0
85 Tengelmann Group	June	8,000E	NA	NA	none[5]	Muelheim, Ger	retailer	75.8E
86 Indian Oil Corp Ltd	Mar	7,981	120	NA	none[5]	Bombay, India	energy	25.5
87 Canadian Imperial Bank of Commerce	Oct	7,980	229	55,825	1,066	Toronto, Canada	banking	35.0
88 Gutehoffnungshütte Group	June	7,953	20[6]	5,154[6]	613	Oberhausen, Ger	industrial equip	85.9
89 Barlow Rand Group	Sept	7,778	220	5,895	1,490	Johannesburg, S Af	multicompany	236.3
90 Saint-Gobain	Dec	7,760	38	6,733	none[5]	Paris, France	building prods	138.0
91 Bank of Tokyo	Mar	7,736	125	75,736	1,981	Tokyo, Japan	banking	15.0
92 Kansai Electric Power Co	Mar	7,578	222	17,313	3,416	Osaka, Japan	utility	24.5
93 Bank of Montreal	Oct	7,565	210	50,597	1,348	Montreal, Canada	banking	29.9
94 Mitsubishi Bank Ltd	Mar	7,483	177	84,081	4,739	Tokyo, Japan	banking	16.3
95 Sumitomo Bank Ltd	Mar	7,435	248	86,607	4,749	Osaka, Japan	banking	16.0[6]
96 Peninsular & Oriental Steam Navigation Co	Dec	7,362	1	2,447	248	London, UK	multicompany	19.5
97 Bank Leumi le-Israel BM	Dec	7,331	142	23,407	1,586	Tel Aviv, Israel	banking	15.6
98 Fuji Bank Ltd[6]	Mar	7,289	229	87,870	4,739	Tokyo, Japan	banking	17.6
99 Ruhrkohle	Dec	7,251	18	5,770	none[5]	Essen, Germany	mining	134.5
100 Nippon Kokan KK	Mar	7,165	137	10,346	1,795	Tokyo, Japan	steel	37.8

And the 25 runners-up

Company	Fiscal year-end	Revenue[1] (millions)	Net income (millions)	Assets (millions)	Market value of common[2] (millions)	Corporate headquarters	Industry	Employees (thousands)
101 Le Groupe Thomson	Dec	$7,156	NA	$ 7,818[4]	none[5]	Paris, France	elec equipment	128.8
102 Paribas Group	Dec	6,956P	$ 77P	51,584P	none[5]	Paris, France	banking	26.0
103 Krupp Group	Dec	6,890	NA	4,417	none[5]	Essen, Germany	steel	78.2
104 Chubu Electric Power[6]	Mar	6,855	219	10,168	$2,550	Nagoya, Japan	utility	19.8
105 Bell Canada	Dec	6,818	504	10,917	3,721	Montreal, Canada	telecommun	97.9
106 NV DSM	Dec	6,806	–70	3,501	none[5]	Heerlen, Neth	chemicals	28.6
107 CIBA-GEIGY Group	Dec	6,801	344	9,447[7]	2,495	Basle, Switzerland	chemicals	79.4
108 Mannesmann Group	Dec	6,787	108	4,516	1,373	Duesseldorf, Ger	industrial equip	112.6
109 Montedison Group	Dec	6,668	–635	7,506	426	Milan, Italy	chemicals	84.2
110 Sumitomo Metal Inds Ltd	Mar	6,646	173	8,582	1,903	Osaka, Japan	steel	29.7[6]
111 Sanwa Bank Ltd[6]	Mar	6,624	154	76,629	4,739	Tokyo, Japan	banking	17.2
112 British Steel Corp	Mar	6,584	–964	6,869	none[5]	London, UK	steel	112.3
113 Sumitomo Life Insurance Co	Mar	6,551	955	14,979	none[5]	Osaka, Japan	insurance	9.7
114 SNCF	Dec	6,447	–937	15,754	none[5]	Paris, France	transportation	252.4
115 Rio Tinto-Zinc Corp Plc	Dec	6,443	194	10,793	1,952	London, UK	metals	70.3
116 George Weston Ltd	Dec	6,347	53	1,686	389	Toronto, Canada	food distribution	60.0
117 Mitsubishi Electric Corp	Mar	6,335	152	5,407	2,670	Tokyo, Japan	elec equipment	66.0[6]
118 Générale Occidentale	Mar	6,169	41	1,390	228	Paris, France	multicompany	30.2
119 Grand Metropolitan Plc	Sept	6,091	257	5,259	3,231	London, UK	multicompany	129.5
120 Bank of Nova Scotia	Oct	6,077	222	43,748	1,333	Halifax, Canada	banking	26.2
121 Schlumberger Ltd	Dec	6,025	1,348	7,846	13,623	Netherlands Antilles	oilfield services	75.0
122 Schneider SA	Dec	5,976	–54	10,760	35	Paris, France	industrial equip	109.0
123 Samsung Group	Dec	5,967	28	4,641	none[5]	Seoul, Korea	multicompany	97.4
124 South African Transport Services	Mar	5,910	–62	11,549	none[5]	Johannesburg, S Af	transportation	275.6
125 Ruhrgas	Dec	5,800P	120P	2,750P	none[5]	Essen, Germany	energy	3.0

[1]Revenue is for "group" or consolidated and excludes excise taxes and duties. [2]As of Dec. 31, 1982. [3]Combined market value. [4]Figures for year ended Dec. 31, 1981. [5]Government, privately owned or mutual. [6]Not fully consolidated. [7]Based on current cost accounting. NA: Not available. E: Estimated. P: Preliminary.

General notes. Revenue and net income are converted at an average rate of exchange for the fiscal year, assets are converted at a rate of exchange at fiscal year-end. Figures for 1982 were used for those March fiscal-year companies for which 1983 results were not available at press time.

A few years ago inflation accounting was a hot topic. Now nobody seems to be interested. That's a mistake.

Out of sight, out of mind?

By Janet Bamford

YOU KNOW THE OLD STORY: The farmer's wife was nagging him about the leaky roof. "I can't fix it now," he said. "It's raining."

"Then why don't you patch it when the weather is nice?" asked his wife.

"It doesn't leak then."

All this comes to mind when you hear members of the financial community talking about inflation accounting. Just a few years ago nearly everyone was clamoring for inflation-adjusted corporate earnings. With inflation running in double digits year after year, the need was clear. So in 1979 the FASB instituted Statement 33, and, for a five-year trial, constant dollar and current cost accounting was required for big companies.

Now the experiment has been under way three years, inflation has slowed and nobody seems interested anymore. In fact, Wall Street has never really paid much attention to the numbers at all. Arthur Young recently surveyed financial analysts to see whether they use the information, which, although unaudited, is included in large companies' annual reports. Only about half the analysts reported that they use the data at all. And cynics say even that estimate is inflated by analysts embarrassed to admit they are ignoring any corporate data.

"Inflation accounting was a hot topic after World War I, then again after World War II, then in the late Sixties," says Allen Seed, a consultant with Arthur D. Little. "Interest heats up when inflation heats up and dies off when inflation does." So, with interest waning, the FASB is considering changing, or even abolishing, the requirements for reporting inflation's effect on earnings.

No doubt there are technical problems with both of the FASB's methods for showing inflation's effect on companies. But if the Board backs down on its move toward inflation accounting, that will be a big mistake. Any system that measures inflation reasonably well is closer to reality than one that ignores inflation altogether. One scary statistic: In 1981, when earnings for 29 of the Dow 30 were adjusted using the current cost method, total operating earnings dropped from $31 billion to $13.8 billion.

But those were the bad old days, right? You would think that 1982's adjusted figures would nearly match the unadjusted numbers. Unfortunately, that's not the way it works. The accompanying table shows how inflation-adjusted figures for fifteen of America's biggest firms still differ substantially from their reported earnings. At AT&T, for example, last year's income from operations of $6.9 billion dropped to $50 million when adjusted for general inflation.

How is this possible? Simple. Say your company bought a widget in 1978 for $1,000. Depreciating it by $100 a year, it's now booked at $500. But inflation has driven up its real value to $2,000. To depreciate it properly, you might want to write off much more than $100 next year. Clearly, one year of low inflation doesn't bring the widget's depreciation into line with reality. "The assets that were brought into the depreciation calculations last year," says Ernst & Whinney partner Norman Strauss, "replace those acquired in 1972—but the 1973 assets are still in there at the old cost. Only after years of zero inflation would it catch up."

Maybe if a miracle happens, and the U.S. can keep inflation under control for a decade or so, accountants can drop their efforts to deal with it. But short of that unlikely event, it's probably best to repair the roof while the sun is shining. ■

The morning after

So you thought that inflation hardly affected earnings in 1982? Wrong. Take a look at how the earnings of the 15 companies with the largest profits in the U.S. fared when adjusted for inflation. These results show both a constant dollar figure, which includes changes in the Consumer Price Index, and a current cost figure, which reflects the companies' replacement costs for specific assets.

Company	1982 net earnings (in millions) as reported	constant dollars	current cost
American Tel & Tel	$6,992*	$ 50	$1,418
IBM	4,409	NA	4,177
Exxon	4,186*	NA	–296
Standard Oil Ohio	1,879	1,448	1,356
Standard Oil Ind	1,826	1,214	990
General Electric	1,817	1,066	1,179
Atlantic Richfield	1,676*	915	789
Shell Oil	1,605*	730	424
Mobil	1,380	–71	–50
Standard Oil Calif	1,377	313	–668
Texaco	1,281	33	–905
Eastman Kodak	1,162	983	1,022
General Motors	963	112	207
Gulf Oil	900	NA	–477
Du Pont	894*	413	554

NA: not available. *Income from continuing operations.

OCG's reasoning is that the Cardiointegraph's results all come from the output of a standard EKG machine. If that machine doesn't provide sufficient information in its original form, it's hardly likely much else will be gleaned from more complicated analyses.

Unless OCG can convince the medical community that the Cardiointegraph is a great advance over what the standard EKG machine provides, the company would seem to face an uphill credibility battle. That, however, doesn't seem to bother the Wall Street enthusiasts. When The Street believes, it *believes*.—**Paul Bornstein**

More, but later

Be careful if you're thinking of buying any of those high-flying technology issues—the ones with a "bio" or a "dia" in the corporate name. They may be in for a fall, and it may take years for the market to reflect their true value again.

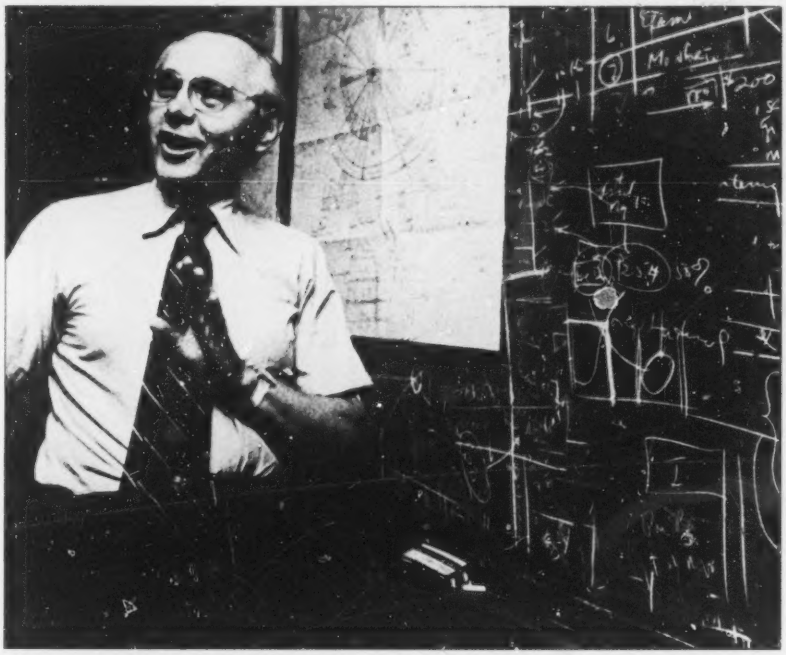
So says George Kozmetsky, who should know. He's been there before in both business and technology, first at Litton, then at Teledyne, which he cofounded in 1960 with Henry Singleton (Kozmetsky still has $112 million in Teledyne stock). He later became dean of the college and graduate school of business of the University of Texas at Austin and left that post last year to run a research center, the Institute for Constructive Capitalism, on the Texas campus. FORBES spoke with him there.

"It's obvious the market's shooting up technology in 1983," Kozmetsky says. "But it's really like this." He raises a finger. "Psst." Then he drops it. The overall investment climate for technology, Kozmetsky says, may be more difficult today than in the past 25 years. "In the 1950s and 1960s," he says, "it never took longer than five years to get to the stage where the market price of a stock reflected the company's real strength. In the 1970s it took seven. In the 1980s I expect it will take ten or more."

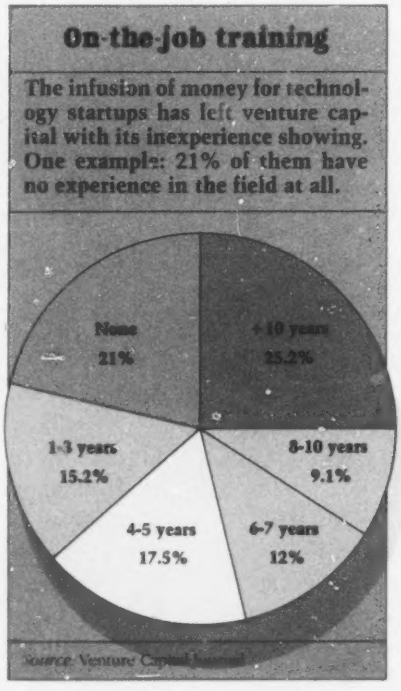
Why? True, venture capital startup money has increased significantly, going from $2.5 billion in 1977 to $6.7 billion in 1982. The problem is that over the last decade venture capitalists have become far more cautious, partly because they were stung by the collapse of the technology glamour stocks of the 1960s. "So investors got impatient," says Kozmetsky. "They said, 'Don't tell me what you did last year, what are you doing now?' " Add to this cuts in federal funding for research and development, which had provided a cushion for many startups. "In 1968 we virtually shut down research and development," Kozmetsky says. "Total U.S. R&D in constant dollars didn't reach the 1968 level again until 1978—and 50% of research is government funded."

In short, the risks increased. "To go from advanced research to commercialization takes about 16 years," Kozmetsky says. "Venture capitalists discovered that if you get in early you might help win a Nobel Prize, but you won't make a lot of money." Without government contracts, banks got leery about providing working capital. If venture capitalists were going to take up that slack, they wanted to minimize their risks. How? "The venture capital began coming in later—in the startup's midlife. That's why it's taking longer to pay off. Anybody who knows a growth curve knows that if you get in at the knee of the curve, you will get a ride. They started investing at that point."

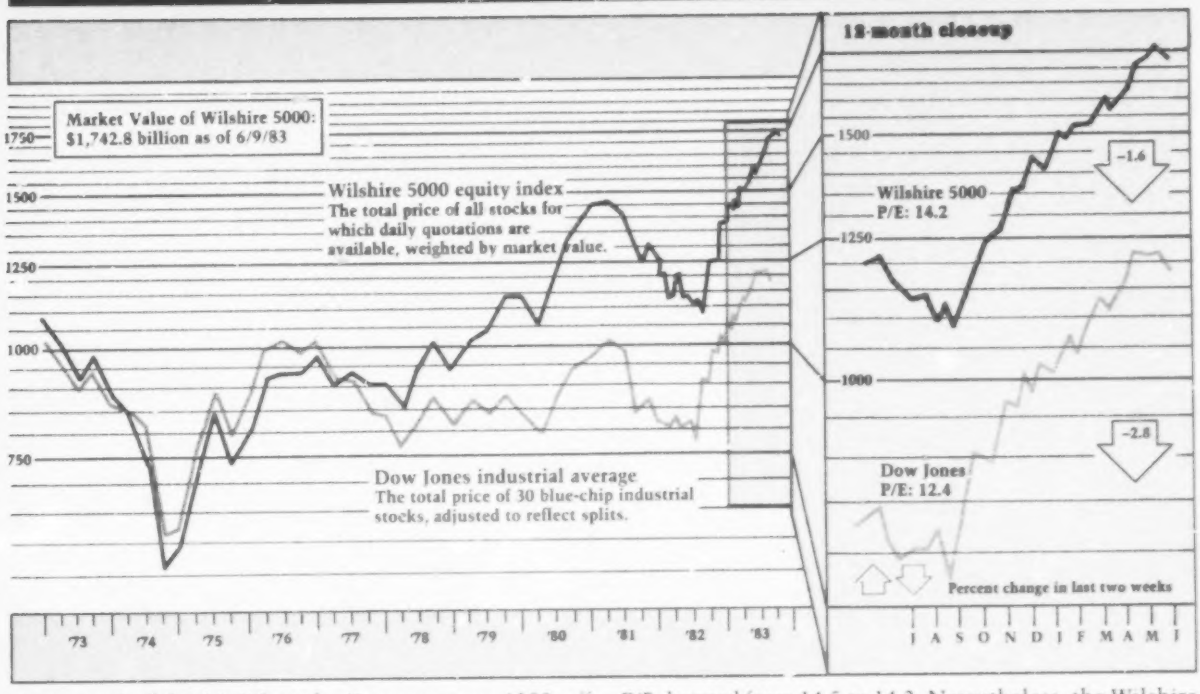
Kozmetsky also points out that more than 35% of the general partners in venture capital partnerships have less than three years' experience (*see chart*), while less than half have over five. "And you're only talking about 1,000 professionals," he says. The jury is still out as to what that inexperience has meant. Still, he says, it must contribute to an aura of uncertainty. And with continuing high federal deficits, high interest rates, an unstable international situation and large financial institutions undergoing great changes, the time it takes for the market to reflect a company's true value may lengthen even more. Kozmetsky's advice to investors: "Be prepared to stay longer. Don't get impatient. These are 'grandchildren' investments. It takes them 18 or 20 years to grow up."—**Robert Teitelman, Toni Mack, Dero Saunders**



George Kozmetsky of the University of Texas
You may win a Nobel Prize, but will you make money?


On-the-job training
The infusion of money for technology startups has left venture capital with its inexperience showing. One example: 21% of them have no experience in the field at all.
None 21%
+10 years 25.2%
1-3 years 15.2%
8-10 years 9.1%
4-5 years 17.5%
6-7 years 12%
Source: Venture Capital Journal

The Forbes/Wilshire 5000 Review



A moment of doubt. When the Dow goes over 1200, off goes a signal telling investors to take profits. As a result, whenever the Dow hits that level, it generates fears the long-predicted correction is upon us. So far, however, . one of the 1983 setbacks qualifies as a full-fledged retreat.

Over the last two weeks, the Dow industrials led the way down, with a 2.8% loss. The Forbes 500, off 2.2%, followed. NASDAQ issues, meanwhile, were able to eke out a minor 0.4% gain. The Wilshire index shows that equities lost 1.6%, or $15.4 billion, during the period. And the expansion of the market's price/earnings multiple abated, at least temporarily. In two weeks the Wilshire P/E dropped from 14.5 to 14.2. Nevertheless, the Wilshire is still 53.5% higher, and investors are some $631 billion wealthier than they were just 52 weeks ago.

The yardsticks below indicate that losses were generally confined to middle-of-the-road securities and that money was still pouring into more speculative areas. For the last two weeks high-volatility and high-growth shares advanced 9.7% and 9.8%, respectively, vs. much smaller gains for low-volatility stocks and low-growth issues. Small companies gained 11%, vs. 0.4% for top-tier firms. And investors continued to snap up issues priced under $4. Low-price stocks advanced 10%.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	–0.1	–1.5	–2.1	–0.8	3.2	3.5
in last 52 weeks	53.5	46.1	48.9	49.0	81.2	82.5

Stock performance based on five key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	0.4	11.0	9.7	1.5	6.8	6.1	1.3	7.2	9.8	1.1	1.9	10.0
in last 52 weeks	57.8	155.7	151.0	58.2	109.2	156.6	51.3	155.6	161.4	60.5	72.8	144.2

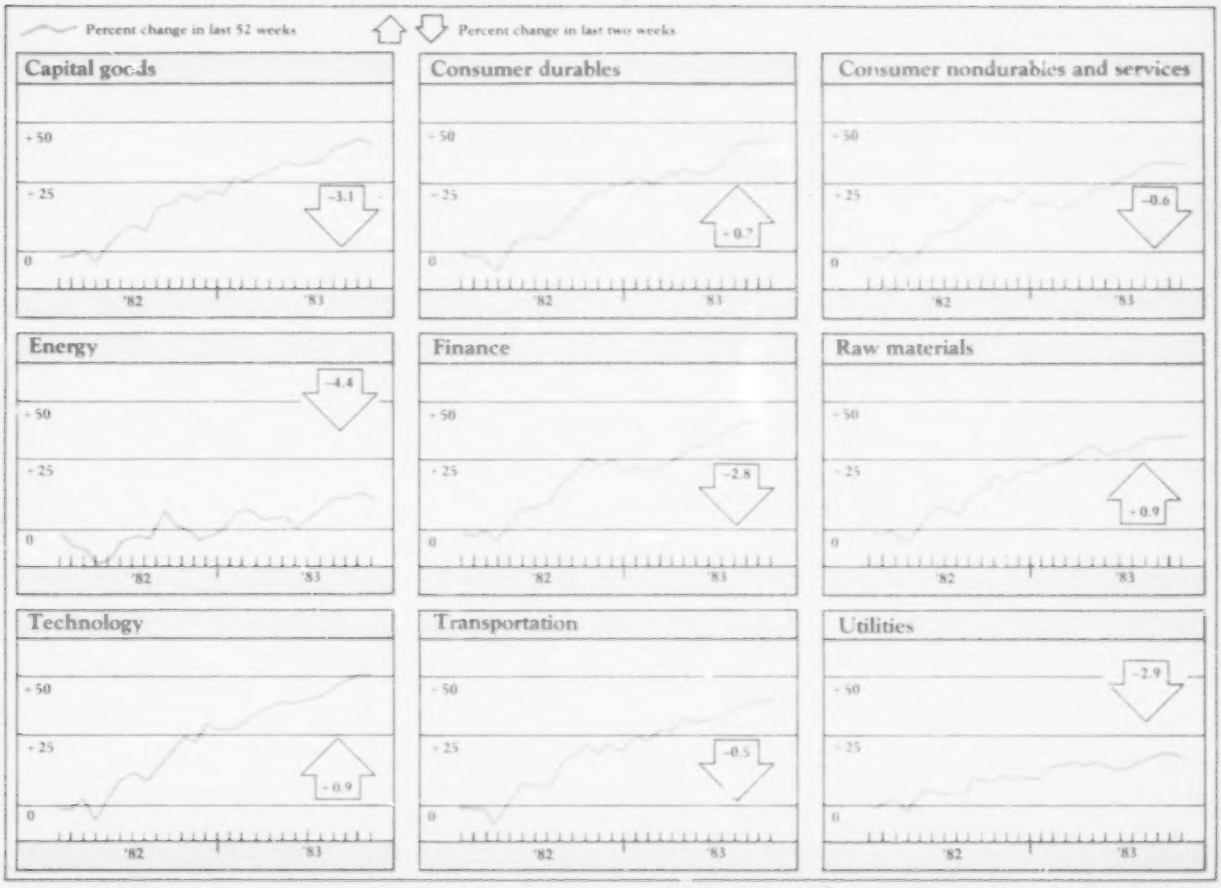
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/9/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

A slip in the oil patch. Energy issues led the market down and posted their biggest loss since mid-March. But, then, all sectors lost ground. This time some sectors posted slim gains. The oils haven't been noticeably weaker than other industries since early February. Despite their much-discussed undervaluation, these stocks remain more susceptible than other issues when the averages fall.

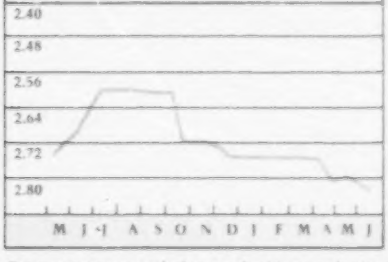
Capital goods, utilities and finance all declined more than the overall market, while the strongest sectors were technology and raw materials, with 0.9% gains. Despite occasional bad days, technology stocks are clearly outperforming other sectors. During the last year this group has gained 98.7%, vs. 81.8% for second-place consumer durables and 15.1% for last-place energy.



What The Analysts Think

Up from the deep. In the last two weeks the buy/sell rankings of several groups advanced. Finance jumped from sixth place to third place and transportation from seventh to fourth. But there was still some bad news: The overall buy/sell opinion of the analysts for the nine Wilshire sectors is becoming more pessimistic.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Utilities	2.70	1	1
2	Energy	2.74	2	2
3	Finance	2.79	6	6
4	Transportation	2.83	7	7
5	Capital goods	2.83	3	3
6	Raw materials	2.84	5	5
7	Consumer nondurables	2.87	8	8
8	Technology	2.79	4	4
9	Consumer durables	2.82	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 6/9/83. Prepared by Wilshire Associates, Santa Monica, Calif.

Right here in the U.S., you can have a piece of the market action from . . .

Over there

By Paul Bornstein

IF YOU ARE LOOKING to diversify your portfolio, is this the time to consider becoming a global investor? An economic upturn in the U.S will greatly increase the prospects of a subsequent worldwide recovery. And, because of higher fixed costs (in some countries you almost can't fire anybody), financial and operating leverage is generally greater. Third, the dollar is now considered overvalued by many international economists. If they're right, and foreign currencies come back into better balance, foreign stocks will get still more leverage from changing exchange rates.

If there are attractions in the overseas stock markets, there are also dangers. This is no simple game. You need to take into account the dangers of inflation, political unrest, civil war, nationalization or even outright confiscation, and the ease of moving funds in and out of a country. Did we mention taxation? Many foreign nations have an automatic 15% withholding tax on dividends, and that's just the beginning of that question. Finally, it is usually harder to keep close tabs on an overseas company than on a domestic firm.

For those who feel the tradeoffs may be worthwhile anyway and want to see what's around, FORBES has listed all the foreign companies traded on U.S. exchanges that are not Canadian (too familiar) and have more than $100 million worth of their stock or American Depositary Receipts (ADRs) trading here.

ADRs are backed by varying numbers of shares on deposit in the country of origin, and ADR prices fully reflect currency exchange. They exist because many countries will not allow stock certificates, which represent ownership of national industries, out of the country. So some companies wanting to serve (or create) an American market arrange with U.S. banks to issue an equivalent.

Drexel Burnham Lambert's international analyst Rein van der Does took us on a quick tour of some of the more prominently represented countries. In Australia, he says, "Share prices aren't likely to make much headway upward because this market is very commodity-sensitive and we are currently in a disinflation scenario.

"But with the Thatcher administration in the U.K., there has been less government spending, lower inflation and a pro-business attitude." Nevertheless, he is cautious. "Although I am positive on the U.K. stock market, the strength of the pound sterling—with its close dependency on the price of North Sea oil—is of some concern."

Van der Does has also been recommending stocks in the Netherlands for the last year and is still bullish there, even though the market has already advanced some 60%. A parliamentary majority held by the center right coalition and the Dutch govern-

Overseas opportunities over here

Not all these 74 foreign securities listed on U.S. exchanges are blue chip stocks, but some might prove to be good investments. About half of the firms have dollar-converted sales over $1 billion, so they can't be considered fly-by-night. Currency fluctuations offer additional leverage, but this can work both ways.

Company*	Industry	ADRs in $US (mil)	Recent price	Revenues (mil)†	Earnings per share†	P/E	Indicated yield	Country
Broken Hill Proprietary	energy	$2,365	7⅛	$4,635	$1.00	7	2.5%	Australia
Santos	energy	891	5⅞	57	0.16	37	0.7	Australia
Minerals & Resources	copper mining	2,228	14	1,445	0.61	23	1.5	Bermuda
Novo Industries A/S	med research, drugs	1,159	59	317	2.44	24	0.5	Denmark
Bank Leumi le-Israel	banking	832	1⅛	7,331	0.05	24	0.0	Israel
Teva Pharmaceutical Inds	drugs	707	6	47	0.04	150	0.3	Israel
IDB Bankholding	bank	396	1⅛	NA	0.14	8	0.0	Israel
Elscint	med instruments	362‡	22¼	103	0.92	25	0.0	Israel
Elron Electronic Inds	computers	135	17⅛	77	0.64	27	0.0	Israel
Scitex	computer graphics	126‡	25¾	51	0.81	32	0.0	Israel
Matsushita Electric Indl	electrical equip	9,685	62½	14,771	4.23	15	0.6	Japan
Hitachi	electrical equip	9,142	33⅛	15,799	1.87	18	0.8	Japan
NEC	electrical equip	4,760	22½	4,760	0.54	42	0.5	Japan
Nissan Motor	automotive	4,011	6⅛	15,289	0.61	10	0.7	Japan
Sony	electrical equip	3,605‡	15⅜	4,446	0.53	29	1.0	Japan

*All figures are converted into U.S. dollars as of the latest reporting period. Market value, recent price and earnings per share reflect ADR or U.S. shares. †Latest available figures. ‡Actual shares, not ADRs. NA Not available. NM Not meaningful. *Sources: William O'Neil & Co., Forbes, International Investors.*

Overseas opportunities over here

Company*	Industry	ADRs in $US (mil)	Recent price	Revenues (mil)†	Earnings per share†	P/E	Indicated yield	Country
Ito-Yokado	retailer	$3,393	19¾	$3,817	$1.01	20	1.3%	Japan
Fuji Photo Film	photo equip	3,117	16⅞	2,554	1.36	12	0.1	Japan
Honda Motor	automotive	2,956‡	34⅜	8,926	3.57	10	1.0	Japan
Tokio Marine & Fire Ins	insurance	2,706	99½	2,322	5.72	17	0.9	Japan
TDK	electrical equip	2,407	44	1,292	2.30	19	0.6	Japan
Canon	photo equip	2,145	31⅛	2,418	1.36	23	0.6	Japan
Kyocera	electrical equip	2,090	50	638	1.57	32	0.6	Japan
Kubota	farm machinery	1,862	28	2,406	0.84	33	1.9	Japan
Mitsui & Co	wholesaler	1,506	30⅞	68,184	0.36	86	0.9	Japan
Pioneer Electronic	electronic equip	1,354	23	1,255	–0.43	NM	0.7	Japan
Kirin Brewery	consumer goods	1,144	17¾	4,306	1.22	15	1.3	Japan
Shiseido	consumer goods	833	20	1,362	1.14	18	0.8	Japan
Makita Electric Works	electrical equip	452	24⅜	278	1.35	18	1.2	Japan
Daiei	retailer	127	4⅞	5,440	–0.11	NM	1.8	Japan
Telefonos de Mexico	utility	233	¾	NA	0.44	2	28.3	Mexico
Tubos de Acero de Mexico	steel piping	105	1⅞	276	0.62	3	0.0	Mexico
Royal Dutch Petroleum	energy	11,224‡	41⅞	43,866	8.08	5	6.9	Netherlands
Philips Lamp	electrical equip	2,935‡	16¼	16,100	0.91	18	3.5	Netherlands
Unilever	consumer goods	2,225‡	69½	23,134	10.03	7	6.3	Netherlands
KLM Royal Dutch Airlines	airline	197‡	49⅛	1,698	–0.14	NM	0.0	Netherlands
Advanced Semicond Matls	electrical equip	164	28¼	55	0.30	94	0.0	Netherlands
Atlas Cons Mng & Dev B	copper mining	293‡	3½	222	–0.24	NM	0.0	Philippines
Benguet Cl B	gold mining	110‡	9	233	0.59	15	0.0	Philippines
Anglo American S Africa	gold mining	4,859	21½	953	2.64	8	4.0	S Africa
Driefontein Consolidated	gold mining	3,455	33⅞	830	3.15	11	5.5	S Africa
De Beers Consol Mines	precious metals	3,125	8⅜	1,468	1.14	8	3.2	S Africa
Anglo Amer Gold Inv	invests gold mining	2,640	120¼	187	8.02	15	5.6	S Africa
Gold Fields S Africa	gold mining	2,300	141	163	7.26	19	2.7	S Africa
Vaal Reefs Explor & Mng	gold mining	2,266	119¼	993	14.63	8	6.3	S Africa
Western Deep Levels	gold mining	1,513	60½	527	7.27	8	5.3	S Africa
Kloof Gold Mining	gold mining	1,504	49¾	305	4.02	12	4.5	S Africa
President Steyn GM	gold mining	816	56	273	6.19	9	7.3	S Africa
Western Holdings	gold mining	778	54¼	478	9.50	6	9.8	S Africa
Buffelsfontein GM	gold mining	718	65¼	331	7.23	9	6.5	S Africa
President Brand GM	gold mining	695	49½	278	6.98	7	8.7	S Africa
Free State Geduld Mines	gold mining	532	51	280	11.06	5	6.4	S Africa
Palabora Mining	copper mining	481	17	232	0.92	18	1.8	S Africa
St Helena Gold Mines	gold mining	436	45¼	275	10.58	4	7.8	S Africa
Blyvooruitzicht GM	gold mining	405	16⅞	211	2.70	6	9.5	S Africa
Highveld Steel & Vanadium	steel prod	374	5½	325	0.57	10	5.0	S Africa
Welkom Gold Mining	gold mining	372	14⅛	NA	NA	NA	9.3	S Africa
LM Ericsson Tel	telecom	2,002	61¼	2,972	2.39	26	1.3	Sweden
AB Fortia	drugs	1,535	79¾	264	1.73	46	0.2	Sweden
Biogen	drugs	306‡	16½	20	–0.31	NM	0.0	Switzerland
British Petroleum	energy	10,900‡	24	51,353	2.18	11	6.5	UK
Shell Transport & Trdg	energy	9,115‡	33	29,244	4.29	8	5.8	UK
Glaxo Holding	drugs	4,599	13⅜	1,533	0.48	28	0.9	UK
Imperial Chemical Inds	chemicals	4,381	7⅜	12,880	0.48	15	4.5	UK
Beecham Group	drugs	3,803	5⅞	2,701	0.36	16	2.4	UK
B.A.T Industries	multicompany	3,078	9⅛	11,300	2.07	4	5.0	UK
Plessey	telecom	2,670	110	1,665	5.26	21	1.6	UK
Imperial Group	consumer goods	1,386	2	7,145	0.25	8	6.0	UK
Bowater	paper, paper prods	533	3⅛	2,302	0.28	12	4.1	UK
Rank Organisation	office equip	486	2⅜	1,038	0.20	12	5.5	UK
Courtaulds	chemicals	410	4½	2,966	0.18	8	3.5	UK
Fisons	agrichemical	373	10	526	0.58	17	2.1	UK
Tricentrol	energy	259	6¾	151	0.51	13	4.4	UK
Dunlop Holdings	tire & rubber	163	1¼	2,705	–0.33	NM	0.0	UK
Dresdner Bank	bank	1,164	68½	NA	NA	NA	1.7	Germany

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Source: William O'Neil & Co. FORBES, *International Investors*

ment's proposals to lower corporation taxes from 48% to 40% in 1984 and abolish double taxation of dividends all add up to a positive outlook, in his opinion.

South African gold mining shares are a perennial favorite, according to John Van Eck, president of International Investors, a mutual fund 80% invested in gold mining shares. "Gold mining shares have done much better than gold itself," Van Eck notes. Many have doubled or better in the past year. Shares in Van Eck's fund went up from $6.40 net asset value to $14.29, a 123% increase, while gold went from $300 an ounce to $400 an ounce, a gain of 33%. Of course, you have to live with South Africa's political problems and the fact that the dividends, usually semiannual, generally vary with the recent price of gold.

Next to the U.S., Japan has the second-largest stock market in the world, based on market capitalization. Therefore, it is not surprising that it is the most popular country for foreign investing. David Gong, vice president of Rowe Price-Fleming International, which manages the T. Rowe Price International Fund, has put half of that fund into Japanese securities. He argues that the Japanese economy is now showing signs of economic recovery and the yen is undervalued relative to the dollar.

One of Gong's favorites is Fuji Photo Film. Fuji has a 70% share of the domestic market in Japan but only 5% in the U.S. "They are now aggressively promoting their product in the U.S., and Fuji is the official film of the 1984 Los Angeles Olympics," says Gong *(see* FORBES, *Nov. 22, 1982)*

As more research and information becomes available on foreign securities, more U.S. investors are nibbling. "Wall Street has been slow to meet the demand for foreign stocks," says John Abbink, international analyst at Merrill Lynch, "but business certainly has been terrific here in the first part of this year."

Will U.S. investors continue to smile on foreign stocks? "If interest rates go back up," says Abbink, "it will cream whatever chance of a recovery there was overseas and probably many investment prospects in the short term." Of course, higher interest rates would also dampen investor enthusiasm for U.S. stocks. That's the short term. Long term, foreign stocks are likely to become an ever more familiar piece of investors' global village. ■

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